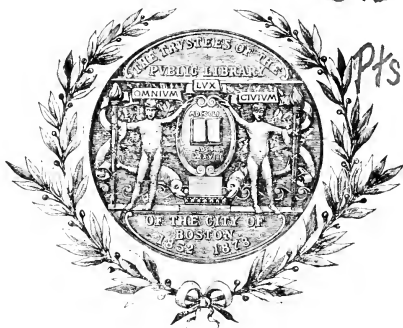


No. 9331.113<sup>o</sup>315

Pts. 5-8



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# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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## HEARINGS BEFORE THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD EIGHTY-FIFTH CONGRESS

FIRST SESSION

PURSUANT TO SENATE RESOLUTION 74, 85TH CONGRESS

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APRIL 24, MAY 8, 9, 10, 13, 14, 15, 16, 17, AND JUNE 4, 1957

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### PART 7

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Printed for the use of the Select Committee on Improper Activities in the  
Labor or Management Field



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1957

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR  
MANAGEMENT FIELD

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\*May be found in the files of the select committee.

\*\*May be found in the printed record.

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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WEDNESDAY, APRIL 24, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The Select Committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (Chairman of the Select Committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, Chief Counsel to the Select Committee; Jerome Adleman, Assistant Counsel; Alphonse F. Calabrese, Investigator; Ruth Young Watt, Chief Clerk.

The CHAIRMAN. The committee will be in order.

(Members present at the convening of the session were Senators McClellan and Goldwater.)

The CHAIRMAN. We resume public hearings this morning in one aspect of the Portland, Oreg., inquiry.

During the course of public hearings some weeks ago on conditions that prevailed in Portland, Oreg., we had as a witness Mayor and former Sheriff Schrunk, of Portland. At that time the mayor submitted an affidavit from a witness or purported witness whose testimony according to the affidavit would have refuted some of the testimony that was before the committee at that time by witnesses who appeared and testified under oath.

Thereafter it was stated that other parties in Portland had information that was of great value and would repudiate some of the evidence that had been given against Mayor Schrunk and others.

It will be recalled at that time some affidavits were submitted by Clyde Crosby and the committee was asked to place them in the record. During the course of the hearing that day, we had members of the staff get in touch by telephone with one of the parties whose affidavit they desired to submit. In that telephone conversation they repudiated the affidavit.

Therefore, the Chair instructed the staff to make every effort to contact those who had given these affidavits and get a statement from them or ascertain what their testimony would be.

The staff finally succeeded. We have them here today to give their testimony rather than to take their affidavit.

I think during the course of these hearings it may be borne in mind that these witnesses who appear today are the witnesses primarily of

Mayor and former Sheriff Schrunk and Clyde Crosby. It was at their insistence that their affidavits be accepted that the committee become interested in them to find them and bring them in here and have them testify in person.

Subsequently during the course of that hearing, we also received a letter from a deputy sheriff under Sheriff Schrunk in which he claimed to have personal knowledge of many facts that he thought would be of interest to the committee. We will also have him as a witness today.

It is the purpose of this committee at all times, I hope, to be fair to witnesses and to be fair to those against whom adverse or derogatory evidence is given. But there is also a duty that the committee owes itself and owes to the Congress and owes to the public, and that is not to let those who would willfully do so, or purposely undertake to do so, impose on the committee.

To make certain there is no imposition by affidavits or purported affidavits that might not be truthful, we have the witnesses present today.

Mr. Counsel, is there any statement you wish to make?

Mr. KENNEDY. Just on the question, Mr. Chairman, of your statement where you said we contacted one of the individuals who made affidavits and he repudiated it. What we did was that we contacted someone who had firsthand information regarding the subject matter of the affidavit, and it was repudiated, or the information we received showed the affidavit to be false.

The CHAIRMAN. Let the record be corrected on that point. The Chair was speaking from recollection and we have had so many affidavits and so many reports that were not exactly accurate, it is difficult to keep them clear.

All right, is there any further statement?

Mr. KENNEDY. I do not believe so.

The CHAIRMAN. Call the first witness.

Mr. KENNEDY. That would be Mr. George Minielly.

Mr. George Minielly wrote a letter on March 9, 1957, stating that he had some information that would be helpful to the committee. Mr. George Minielly, Mr. Chairman, also was the one that took the statements of the witness who is going to appear later today.

The CHAIRMAN. Mr. Minielly, come around, please, sir.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MINIELLY. I do.

### TESTIMONY OF GEORGE MINIELLY

The CHAIRMAN. Will you state your name, your place of residence, and your business, please?

Mr. MINIELLY. George Minielly deputy sheriff Multnomah County, State of Oregon, Portland.

The CHAIRMAN. Mr. Minielly, have you talked to members of the staff regarding your testimony today?

Mr. MINIELLY. I talked to Mr. Kennedy a few minutes this morning.

The CHAIRMAN. You earlier wrote the Chairman a letter, did you not?

Mr. MINIELLY. Yes, sir.

The CHAIRMAN. Advising the committee that you had some important information?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. That letter was dated March 9, 1957, and will be printed in the record at this point.

The witness then may be interrogated about it.

(The letter is as follows:)

MARCH 9, 1957.

Hon. JOHN L. McCLELLAN,

*Senate Caucus Room, Washington, D. C.*

DEAR SENATOR McCLELLAN: Enclosed is a statement which I believe will be helpful to you in the deliberations of your committee. I am one of the people mentioned by Arden N. Pangborn, editor of the Oregon Journal, who can give firsthand information concerning the allegations made against Mayor Terry D. Schrunk.

I have served as deputy sheriff for Multnomah County for 27 years. During the time Mayor Schrunk was sheriff of Multnomah County, I acted as his special investigator. I believe I can supply your committee with relevant information on the following matters elicited in testimony:

1. I am familiar with the events leading up to and subsequent to the so-called raid on the 9212 Club on Denver Avenue on the morning of September 11, 1955. I have had several conversations with Clifford O. Bennett concerning the operation of the club. I met with him in Vancouver, Wash., when he denied in a signed statement that he ever paid any money to Mr. Schrunk or his deputies.

2. The enclosed statement was made in my presence by Lucile Weeks and witnessed by her companion, Mary Childress, whom I arrested on district court warrants on charges of burglary in a dwelling. I was sent to Laredo, Tex., by Stanley MacDonald, superintendent of the criminal and identification division of the Multnomah County sheriff's office. I was accompanied by my wife, Evelyn. During the return journey to Portland the two women started talking and gave me information concerning Elkins' narcotic addiction, witnessing the making of tape recordings in the Clark residence, and their association with Elkins in the prostitution racket. These were subsequently made in the 83-page statement now believed to be in your possession, and today made a sworn statement in the presence of a notary public.

3. I led the raid on the home of Raymond F. Clark, Elkins' employee, on the night of May 17, 1956. I was armed with a search warrant signed by District Judge John Mears, and the raid was conducted in a lawful manner. On the premises we found 27 slot machines, a large quantity of wiretapping equipment, 2 dozen obscene party records, 5 spools of tape records, and a minophone small wire recorder.

This is just a sample of matters of which I have firsthand knowledge. All that I know about events in question would be too long to detail here.

Very truly yours,

(Signed) GEORGE MINIALLY,  
803 Multnomah County Courthouse,  
Criminal Division, Portland, Oreg.

The CHAIRMAN. Mr. Minielly, you know and you are advised, I presume, of the rules of the committee that you are entitled to counsel if you desire to have counsel present to advise you of your legal rights while you testify?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. Do you waive counsel?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Minielly, you have some firsthand information that could be of help to the committee. I think that you made statements such as that, that you do have some information that would be helpful. Do you have some that could be helpful to the committee?

Mr. MINIALLY. I am the officer that was in charge of a search warrant performed at the residence of Ray Clark on May 17, 1956, where

tape recordings were seized that are now in Federal court, in the city of Portland.

I am also the officer that went on an extradition matter and returned two women from Laredo, Tex., that had been brought out of Mexico City by the Federal Bureau of Investigation and turned over to the Federal Bureau of Investigation by the Mexican authorities for unlawful flight to avoid prosecution.

Mr. KENNEDY. What are those two women's names that you brought back?

Mr. MINIALLY. Mary Childres and Lucille Weeks.

Mr. KENNEDY. Mary Childres and Lucille Weeks?

Mr. MINIALLY. Right.

Mr. KENNEDY. You went down to Texas and brought them back?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. You were present when a statement was made by them?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. And the statement particularly by Miss Weeks stated that Mr. Elkins was involved in prostitution, is that right, and received earnings of prostitutes?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. And that he took narcotics?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. And that she had seen the tapes that were later played here before the committee, and she had seen some of those tapes being doctored; is that right?

Mr. MINIALLY. Well, her explanation of doctoring was playing 1 as I understand, 1 type against the other, and to stop 1 machine against the other, and a wire against the tape, and so on.

Mr. KENNEDY. Now, did you ever urge either one of those girls to make statements such as those? Did you urge them to make those statements?

Mr. MINIALLY. We had lots of conversation on the trip returning from Mexico, and I asked them if they wished to make a statement to that effect, telling me, it was hearsay, and they said, "Yes," they would make a statement.

Mr. KENNEDY. Did you make any promise to them that if they would make those statements, that things would go easier with them?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you ever give them any money during that trip?

Mr. MINIALLY. No, sir. I fed them well, but actually gave them no cash.

Mr. KENNEDY. Excuse me?

Mr. MINIALLY. I fed them well. They were hungry and they had good meals at every stop.

Mr. KENNEDY. But you never gave them any money?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. And you never made any promises to them?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Now, tell me this: You were aware that when Mayor Schunk offered these affidavits and then when Mr. Clyde Crosby, international organizer of the Teamsters for Portland, offered these

affidavits, that this committee was anxious to get ahold of these girls; were you not?

Mr. MINIALLY. I had no information of that myself personally at all, and I don't know Mr. Crosby.

Mr. KENNEDY. I am not asking whether you know Mr. Crosby. I am asking whether you learned or heard that this committee was anxious to get in touch with those girls.

Mr. MINIALLY. Miss Weeks told me that she was supposed to call your office, Mr. Kennedy, and gave me a phone number and extensions which she said that she had received from Ray Clark's wife, Gerrie Clark, and she was to go over to their residence and call you on that phone number and that you would take care of everything if they had made a statement, and so on. You would take care of it and if they hadn't made a statement, not to make a statement, and also named Mr. Williams, whom I don't know.

Mr. KENNEDY. You knew Mr. Williams to be a representative of the committee staff out there?

Mr. MINIALLY. I learned that later, sir.

Mr. KENNEDY. Did you urge them, as a law-enforcement officer yourself, to get in touch with this committee?

Mr. MINIALLY. I did not.

Mr. KENNEDY. Why didn't you do that?

Mr. MINIALLY. That is beyond my duty, and I have no reason, and I am not their attorney.

Mr. KENNEDY. Did you urge them not to get in touch with the committee?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you tell them at all that they would be in difficulty or in trouble if they got in touch with the committee?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you tell them that the committee or me personally had mistreated Mr. Bennett, and that the same thing would happen to them if they got in touch with the committee?

Mr. MINIALLY. I don't recall any such statement.

Mr. KENNEDY. Well, you would recall it if you made such a statement; wouldn't you?

Mr. MINIALLY. I think we all heard your treatment of witnesses on television and radio, and that was obvious.

Mr. KENNEDY. Did you tell them that I had mistreated Mr. Bennett, and that I had physically threatened Mr. Bennett, and that the same thing would happen to them?

Mr. MINIALLY. No.

Mr. KENNEDY. Did you urge them at all not to get in touch with the committee?

Mr. MINIALLY. No, I didn't urge them not to get in touch with the committee.

Mr. KENNEDY. Did you say anything to them about the fact that I had run Mr. Bennett out of the city, and, therefore, they had better not get in touch with the committee and otherwise they would be in trouble?

Mr. MINIALLY. I don't recall telling them they would be in trouble with the committee if they got in touch with them.

Mr. KENNEDY. You would remember if you said that to any person?

Mr. MINIALLY. I would remember that.

Mr. KENNEDY. So you never told them not to get in touch with the committee; is that right?

Mr. MINIALLY. As I recall it, I advised them or I told them I didn't think it was a good idea for them to go over to Clark's house.

Mr. KENNEDY. But you never made any statement about not getting in touch with the committee?

Mr. MINIALLY. Not that I recall, sir.

Mr. KENNEDY. Well, I thought originally you said you hadn't, and now you said you can't recall having made such a statement. Do you think it is possible you did make such a statement?

Mr. MINIALLY. I don't recall making any such statement.

Mr. KENNEDY. You would recall it if it happened, wouldn't you?

Mr. MINIALLY. I say again I don't recall making any such statement.

Mr. KENNEDY. Do you think it is possible that you would have made such a statement?

Mr. MINIALLY. I don't think so.

The CHAIRMAN. Since you wrote us that you had firsthand information, is there any other testimony that you want to give?

Mr. MINIALLY. I have had several conversations with Jim Elkins before he was out here, and since he was out here, if you are interested in that.

The CHAIRMAN. Do you know the nature of the inquiry? Is there anything pertinent to the inquiry? I haven't talked to you, and you wanted to testify apparently, and so you are here. Proceed.

Mr. MINIALLY. I think it would be an interesting sidelight to this accusation of Mayor Schrunk in a bribery charge out there, at the Kenton Club.

Jim Elkins told me again for the second time the other day in the hallway of the Federal court in Portland, Oreg., that that story was the "biggest bunch of bunk I had ever heard." and he spent around \$1,000 to find out whoever started such a story.

The CHAIRMAN. What story?

Mr. MINIALLY. Of the bribery of money dropped on the streets of Kenton.

The CHAIRMAN. You mean to say he told you that he had lied on the witness stand here? Is that what you are saying?

Mr. MINIALLY. He didn't say he had lied on the witness stand. He said that story was without foundation, and he would always say that.

The CHAIRMAN. That wasn't the way he testified. You know that, don't you?

Mr. MINIALLY. I heard him testify.

The CHAIRMAN. Now you are telling us that Jim Elkins got back out there and came to you and told you in effect that what he had testified to here was not true. Is that what you want to tell us?

Mr. MINIALLY. He told me before he ever came here that that story was without foundation.

The CHAIRMAN. Had he told you that before you wrote this letter, on March 9?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. All right now let us go back to the March 9 date. Tell us anything you knew at the time that you wrote this letter that you thought was information that this committee should have, or would you regard that as mistreating you to ask you to do that.



Mr. MINIALLY. Jim Elkins told me in the Multnomah County courthouse outside the door of Circuit Judge Frank Lonegan, in his tone of voice, he said to me, "Mac, we didn't pay anybody \$500 and we don't pay to be closed up. We pay to stay open." And he repeated that statement here just last week in the Federal courthouse.

That is all I have to say regarding that matter.

The CHAIRMAN. Is there anything else? From your letter here. I thought that you had some very valuable information.

Mr. MINIALLY. The information that I have is testimony I have taken, and statements from individuals such as the Weeks woman, and I have two other statements in my folder here of the man who has never been talked to. And he is a procurer and he is in custody and he has been in prostitution rackets some 10 years, and he made a signed sworn statement regarding his activities in the city of Portland.

The CHAIRMAN. Who was present when you took this affidavit from these girls?

Mr. MINIALLY. They made two separate statements, and which one do you have reference to, sir? Is that the large one?

The CHAIRMAN. I have reference to the one that you sent us on May 9, 1957.

Mr. MINIALLY. That is the signed sworn statement, and they made one originally to a court reporter without signing it.

The CHAIRMAN. It shows to have been signed before Bernice H. Lee, notary public, and witnessed by you and by Evelyn Minielly and Douglas Baker. Who else was present when this affidavit was signed?

Mr. MINIALLY. I believe those are the persons who were present, the official court reporter, notary public, my wife, and myself, and Douglas Baker.

The CHAIRMAN. Who is Douglas Baker?

Mr. MINIALLY. He is a reporter for the Oregon Journal.

The CHAIRMAN. A reporter for the Oregon Journal?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. Where was this statement taken?

Mr. MINIALLY. In Multnomah County courthouse.

The CHAIRMAN. Who asked the questions?

Mr. MINIALLY. I believe I did.

The CHAIRMAN. You asked the questions to get the statement, is that right; to get the affidavit?

Mr. MINIALLY. Yes, sir; most of them.

The CHAIRMAN. And suggested what went into it, from the answers that they gave?

Mr. MINIALLY. I didn't make any suggestions of what should go into it. It is their story and it is not mine, and I am not familiar with that type of statement.

The CHAIRMAN. It is their story?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. I suppose when you submitted it to the committee you felt that this was an affidavit of someone who was reliable and could be trusted?

Mr. MINIALLY. As I have stated before, I believe that the statement from Lucille Weeks is just as reliable as any statement from

Jim Elkins or Ray Clark. They are all hit by the same brush, and that is my personal opinion.

Mr. KENNEDY. But you submitted it, and you were the one who sent it on to the committee?

Mr. MINIALLY. I mailed that to the committee; yes, sir.

The CHAIRMAN. At whose instance? Who asked you to get it and mail it to the committee?

Mr. MINIALLY. The district attorney's office I believe mailed a previous statement of some 70 pages, that the girls made on the day of their return from Laredo, Tex., which was taken by the same court reporter but not signed by the person giving the statement.

The CHAIRMAN. You mean Mr. Langley's office asked you to get this statement?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. Just on that, you said that Mr. Elkins said that he would pay \$1,000 to try to prove what?

Mr. MINIALLY. I didn't say Mr. Elkins would pay \$1,000. He told me that he had already spent \$1,000 to find out who started that story.

Mr. KENNEDY. To prove Mayor Schunk was innocent then, I take it?

Mr. MINIALLY. I didn't say that, either. He said he would spend \$1,000 to find out where that story originated.

Mr. KENNEDY. What would be the point of that?

Mr. MINIALLY. Well, he has always said that was fantastic, anybody to throw a bundle of currency on the street with two or three hundred people milling about.

Mr. KENNEDY. Why would he want to spend \$1,000?

Mr. MINIALLY. You will have to ask Mr. Elkins that.

Mr. KENNEDY. Did you ask him, or did you follow it up to find out?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. You weren't interested?

Mr. MINIALLY. No, sir. I am interested, but not to the point of—

Mr. KENNEDY. Asking him a question?

Mr. MINIALLY. I asked him a question.

Mr. KENNEDY. Would you ask him why he was spending \$1,000?

Mr. MINIALLY. No; I didn't go into that, because I don't believe that.

The CHAIRMAN. All right.

Mr. KENNEDY. Would you stand aside for a few moments?

The CHAIRMAN. You may be recalled.

Mr. KENNEDY. Mrs. Kathleen Weeks.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. WEEKS. I do.

## TESTIMONY OF MRS. KATHLEEN LUCILLE WEEKS

The CHAIRMAN. State your name, and your place of residence, and your business or occupation.

Mrs. WEEKS. Kathleen Lucille Cooper Weeks, and at present I don't have a permanent address, but my mother's address is Klamath Falls, Oreg., but I have been staying in Portland. My profession, I am a known prostitute.

The CHAIRMAN. Have you talked to members of the staff of the committee?

Mrs. WEEKS. Pardon?

The CHAIRMAN. Have you talked to members of the staff of the committee regarding your testimony?

Mrs. WEEKS. Yes, sir; I have.

The CHAIRMAN. Have you been advised and do you understand that you have a right to have counsel present when you testify?

Mrs. WEEKS. Yes, sir; I do.

The CHAIRMAN. Do you waive counsel?

Mrs. WEEKS. Yes.

The CHAIRMAN. Mr. Kennedy, you may proceed.

Mr. KENNEDY. Are you Mrs. Weeks or Miss Weeks?

Mrs. WEEKS. Yes; Mrs. Weeks.

Mr. KENNEDY. You have been arrested a number of times, as I understand it?

Mrs. WEEKS. That is right.

Mr. KENNEDY. For vagrancy and for prostitution?

Mrs. WEEKS. Just prostitution; and no vagrancy.

Mr. KENNEDY. And as I understand it, also, you at the present time are taking narcotics?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. Mrs. Weeks, in September or October, I believe of 1956, or around that time, you were in Portland, Oreg., and there was a burglary of Mr. Ray Clark's home.

Mrs. WEEKS. It was around August.

Mr. KENNEDY. Around August of 1956?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. There was a robbery, or a breaking in of Mr. Ray Clark's home; is that right?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. And some furs and some jewelry were taken?

Mrs. WEEKS. That is right.

Mr. KENNEDY. You were questioned at that time with Mary Childres on the question of whether you were involved?

Mrs. WEEKS. Whether we were involved; yes.

Mr. KENNEDY. Were you arrested at that time?

Mrs. WEEKS. No.

MR. KENNEDY. After you were questioned or some time after that, you went down to San Francisco; is that right?

MRS. WEEKS. That is right.

MR. KENNEDY. And after that you went down to Mexico?

MRS. WEEKS. That is right.

MR. KENNEDY. Did you learn when you were in Mexico or did some of the authorities approach you in Mexico and make arrangements for you to come back into Texas?

MRS. WEEKS. We were arrested and deported.

MR. KENNEDY. You were arrested and deported?

MRS. WEEKS. Yes, sir.

MR. KENNEDY. That was in Mexico City?

MRS. WEEKS. That is right.

MR. KENNEDY. When you got over the border into Texas you were taken into custody there?

MRS. WEEKS. That is right.

MR. KENNEDY. And you were put in jail in what city?

MRS. WEEKS. Laredo, Tex.

MR. KENNEDY. How much time did you spend in jail?

MRS. WEEKS. It was 2 weeks or a little over.

MR. KENNEDY. And then did Mr. George Minielly come down and pick you up?

MRS. WEEKS. Yes.

MR. KENNEDY. Did he make a statement to you at that time as to why you were being brought back to Portland?

MRS. WEEKS. Well, he said that they were taking us back to Portland on the warrant for the burglary, but he also told us that they weren't interested so much in the burglary as the information that I might have pertaining to Elkins, Rogers, and Ray Clark.

MR. KENNEDY. Now, Ray Clark, as you are familiar, is the one that made the tape recordings in Tom Maloney's apartment?

MRS. WEEKS. I know Ray Clark, and I don't know if he took or made any recordings or not, but I know Ray Clark.

MR. KENNEDY. Mr. Minielly said they were primarily interested in Ray Clark and Jim Elkins?

MRS. WEEKS. Yes; they said they were going to clean the scum out of Portland.

MR. KENNEDY. Now, did he make arrangements to take you into custody, you and Mary Childres, and drive you back to Portland, Oreg.

MRS. WEEKS. Yes, sir.

MR. KENNEDY. Could you tell us what conversations took place on that trip back to Portland?

MRS. WEEKS. Well, he just let us know that if we did not want to cooperate with him, he could make it very hard for us, pertaining to our robbery and the fact that we had used narcotics.

Every time he would ask a question, he would ask it with an answer at the same time, so that he would make it very clear as to what he wanted you to answer him.

MR. KENNEDY. Ultimately you made a statement in front of Mayor Schrunk that Mr. Jim Elkins was involved or took narcotics; is that right, that you had seen him sniff it?

MRS. WEEKS. I said that, yes; but it isn't so.

MR. KENNEDY. Now, the second thing you also said to him that you had seen him take money from prostitutes.

MRS. WEEKS. Yes, I said that, too.

MR. KENNEDY. Is that true?

MRS. WEEKS. No.

MR. KENNEDY. And that you also said that you had seen him or Ray Clark doctor some of the tapes that were submitted here before the committee.

MRS. WEEKS. Yes, I also said that; but that isn't so. I only saw Mr. Elkins one time.

MR. KENNEDY. You have only seen him once?

MRS. WEEKS. That is right.

MR. KENNEDY. So the statement that you had seen him a great number of times and that you had seen him sniff this dope or narcotics, is untrue; is that right?

MRS. WEEKS. That's right.

MR. KENNEDY. Could you tell the committee why you made a statement that was untrue or why you swore to the statement which was ultimately submitted to Mayor Schrunk and Mr. Crosby to this committee?

MRS. WEEKS. It was like I said. They made it very plain that if I didn't, I would be in Salem for 6 months or longer, and I would be held for interrogation and investigation and would possibly go to the penitentiary for something I didn't do.

MR. KENNEDY. What did they say about Salem that you did not want to be sent there?

MRS. WEEKS. Well, Mr. Minielly told us, and he said, "You know, you can go to Salem and be committed to Salem for using narcotics."

MR. KENNEDY. Is that the hospital for the insane?

MRS. WEEKS. Yes, and for addicts.

MR. KENNEDY. Did he indicate to you that if you did not give this statement that you could be sent to the hospital for the insane?

MRS. WEEKS. Yes, sir.

MR. KENNEDY. Did he suggest to you, Mrs. Weeks, what you should say in this affidavit?

MRS. WEEKS. Like I said; every question, he would ask it with an answer at the same time, like he would say, "Well, you are living at the Clark's house. You must have seen Clark messing with tapes, didn't you?" And then he would go on and he started to describe the mineophone machine and before I could say whether I had seen it or not.

He told me, he said, "That is the one I got in the raid; that is the one that belongs to the State or the county."

MR. KENNEDY. Could you give us any other information?

MRS. WEEKS. Every question that he asked, like I said, had an answer with it at the same time.

MR. KENNEDY. Did he say anything about your cooperating with him and that he would be able to cooperate with you?

MRS. WEEKS. Well, he told us that if we played ball with him, he would play ball with us.

MR. KENNEDY. Now, when you arrived back in Portland, was your case ever presented to a grand jury?

MRS. WEEKS. No; it hasn't been as yet.

Mr. KENNEDY. And you were brought back to Portland allegedly because of this burglary?

Mrs. WEEKS. That's right.

Mr. KENNEDY. And it has not been presented to the grand jury?

Mrs. WEEKS. No.

Mr. KENNEDY. Was your bail fixed at that time?

Mrs. WEEKS. Yes. At the time it was \$5,000 when they arrested us and they told us that they would drop it, which they did; and they dropped it to \$1,000.

Mr. KENNEDY. After you made these statements?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. Now, did Mr. Minielly also make arrangements for you to go on television during the period these committee hearings were going on, to make statements about Mr. Elkins?

Mrs. WEEKS. Yes, sir, he did.

Mr. KENNEDY. Would you tell or describe that to the committee?

Mrs. WEEKS. Well, he called us and talked to me on the telephone and said that he wanted to take us to town to buy us some clothes. When we got to town, well, it was the television.

Mr. KENNEDY. And you went on television at that time?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. And you made statements about Mr. Elkins?

Mrs. WEEKS. Yes, sir. There were no names. It was inferred in such a way that it was clear that everybody had to know.

Mr. KENNEDY. And those statements at that time were untrue?

Mrs. WEEKS. That's right.

Mr. KENNEDY. Now, were the clothes purchased for you?

Mrs. WEEKS. No.

Mr. KENNEDY. Did Mr. Minielly ever give you any money?

Mrs. WEEKS. Yes; a number of times.

Mr. KENNEDY. How much money did he give you and Mary Childres?

Mrs. WEEKS. I don't know really the exact amount he gave us. He gave us \$100 or so, I imagine, and he would give us \$20 and then he might give us \$10 and then \$20.

Mr. KENNEDY. Did he give you any money after you appeared on television?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. How much money did he give you?

Mrs. WEEKS. He gave us \$20 the day we appeared.

Mr. KENNEDY. When this committee was looking for you, when Mr. Williams who was our representative out there was trying to contact you, did Mr. Minielly have any conversations with you at that time?

Mrs. WEEKS. Well, I didn't know who it was at the time and I mentioned the name.

Mr. KENNEDY. Did you understand that I was trying to contact you?

Mrs. WEEKS. Yes. When I mentioned Mr. Williams' name, Mr. Minielly got very unhappy and he said that that must be the investigator and he told me that there was no need contacting him.

Mr. KENNEDY. He said there was no need to contact us?

Mrs. WEEKS. That's right.

Mr. KENNEDY. Did he say anything about anybody else or what had happened to anyone else?

Mrs. WEEKS. Well, he told Miss Childres and I that Mr. Bennett when he came out here to testify before the committee—that you had told him that if he didn't keep his mouth shut he wouldn't get out of town.

Mr. KENNEDY. That I had told him what?

Mrs. WEEKS. That if he didn't keep his mouth shut he wouldn't get out of town.

Mr. KENNEDY. He wouldn't get out of town?

Mrs. WEEKS. That's right.

Mr. KENNEDY. And did you get the inference at that, that the same thing would happen to you if you got in touch with the committee?

Mrs. WEEKS. Well, I didn't think that myself, but I mean that is what he was saying about Mr. Bennett.

Mr. KENNEDY. Now, you ultimately went up to Seattle, is that correct?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. And then you were brought down from Seattle and arrangements were made for you to be brought down from Seattle to Portland.

Mrs. WEEKS. That's right.

Mr. KENNEDY. And you appeared before a grand jury in Portland?

Mrs. WEEKS. That's right.

Mr. KENNEDY. Just recently?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. Did Mr. Minielly contact you prior to the time that you came down to Portland?

Mrs. WEEKS. Well, Miss Childres talked to him on the telephone the night we got picked up. It was on a Friday and we had heard that the grand jury was trying to contact us and she called Minielly to try to find it out and he told her just to stay away.

Mr. KENNEDY. He told her to stay away from the grand jury?

Mrs. WEEKS. Yes.

Mr. KENNEDY. Did you have any conversations with him afterward—after you got down to Portland?

Mrs. WEEKS. No.

Mr. KENNEDY. Were you ever urged by Mr. Minielly to bring kidnaping proceedings against anyone?

Mrs. WEEKS. He called out to the house the day we got home and he talked to Miss Childres on the telephone and I didn't talk to him. Oh, we did see him after that, too.

We went up to the county courthouse the day we got released from the grand jury, and he mentioned that we should bring kidnaping charges against the Seattle police.

Mr. KENNEDY. Mr. Minielly suggested you should bring the kidnaping charges against the Seattle police?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. After you prepared this false affidavit and swore to it and it was submitted to the committee—would you tell the committee why you decided to change your testimony as you are doing before this committee?

Mrs. WEEKS. Well really we were influenced more by Miss Childres' brother than anybody else. He said that we were crazy to be jeopardizing ourselves and that we should go ahead and tell the truth regardless of whom it hurt.

Mr. KENNEDY. Who is her brother; Mary Childres' brother?

Mrs. WEEKS. Well, he is a seaman, Mr. Blackman.

Mr. KENNEDY. He is the one that urged you to come forward and tell the truth?

Mrs. WEEKS. Yes, sir.

Mr. KENNEDY. And then did Mr. Minielly tell you why he wanted these statements made in this manner?

Mrs. WEEKS. Pardon me?

Mr. KENNEDY. What the reason was that he wanted these statements made.

Mrs. WEEKS. Well, he made it very clear; I forgot the exact words he used. But he said that Elkins had been running the place long enough and that it was time that all of the money quit going into one pocket.

Mr. KENNEDY. Was there anything said about Mr. Schrumk's difficulties, Mayor Schrumk's difficulties?

Mrs. WEEKS. No.

The CHAIRMAN. The Chair presents to you an affidavit purportedly signed by you and by Mary Childres, dated the 9th of March 1957, authenticated by Bernice Lee, notary public for Oregon.

I ask you to examine this document and state whether that is the affidavit that you signed at the instance of Mr. Minielly.

(A document was handed to the witness.)

Mrs. WEEKS. Yes, sir.

The CHAIRMAN. You have examined the document the Chair presented to you?

Mrs. WEEKS. Yes.

The CHAIRMAN. What is that document?

Mrs. WEEKS. Well, it is the statement that I signed the Saturday that the statement was given to the newspaper.

The CHAIRMAN. I did not understand you.

Mrs. WEEKS. It is the statement that was signed the Saturday that the statement was given to the newspaper.

The CHAIRMAN. Is that the affidavit that you signed?

Mrs. WEEKS. Yes.

The CHAIRMAN. Are those statements in that affidavit true?

Mrs. WEEKS. No. About the only one in there that is true and it isn't the way it is said there, is the fact that I did live at Gerrie's house and she was a friend of mine, and the fact that she did take me to Seattle, but I mean it wasn't for immoral purposes or anything, and it was just a friend doing a friend a favor.

The CHAIRMAN. The other statements in there regarding Mr. Elkins, are they true or false?

Mrs. WEEKS. False.

The CHAIRMAN. Why did you give that affidavit?

Mrs. WEEKS. As I said earlier, I mean I know that it isn't or shouldn't be an excuse, but I knew if I did I wouldn't be sent to Salem for 6 months and also I wouldn't be sent to the penitentiary for something I didn't do.

The CHAIRMAN. So you felt that you were in danger of going to the penitentiary for something you did not do, and also in danger of being sent to Salem for 6 months for using drugs; is that correct?

Mrs. WEEKS. Yes, which we weren't taking at the time, but like Mr. Minielly told us, regardless of whether you are now or not, you still



have evidence that you have, and that is good enough to send you to the hospital.

The CHAIRMAN. You felt that he definitely could send you to Salem?

Mrs. WEEKS. I knew he could.

The CHAIRMAN. You knew he could?

Mrs. WEEKS. Yessir.

The CHAIRMAN. And you felt you might be sent to the penitentiary for a burglary that you didn't commit?

Mrs. WEEKS. That's right.

The CHAIRMAN. And those threats were held over you?

Mrs. WEEKS. That's right.

The CHAIRMAN. And it was because of those threats that you signed the affidavit?

Mrs. WEEKS. That's right.

The CHAIRMAN. Now, when did you decide that you ought to repudiate that affidavit?

Mrs. WEEKS. Well when we went to Seattle Miss Childres and I were talking about it and we had had it in our mind but I guess we needed a little shove and then her brother gave us that extra little shove.

The CHAIRMAN. So you were not induced to change your testimony primarily by anyone associated with this committee?

Mrs. WEEKS. No.

The CHAIRMAN. It was after you had made up your mind to tell the truth that the committee was able to get in touch with you?

Mrs. WEEKS. That's right.

The CHAIRMAN. Now, all during the time that you were in the control or under the influence of Mr. Minielly, you knew at that time that the committee had been trying to reach you; did you not?

Mrs. WEEKS. Yes.

The CHAIRMAN. Did you tell him that, that the committee was trying to find you and to contact you?

Mrs. WEEKS. Well, I told him I was supposed to call Mr. Kaplan and Mr. Williams was looking for me. But I did not know Mr. Williams, who he was at the time.

The CHAIRMAN. You did not know who he was at the time?

Mrs. WEEKS. And Mr. Minielly told me that was probably the investigator for the committee.

The CHAIRMAN. He is the one who suggested that Mr. Williams was probably an investigator of the committee?

Mrs. WEEKS. That's right.

The CHAIRMAN. I read a statement here from the Oregon Teamster dated Thursday, March 28, published at Portland, Oreg., and it has headlines, "Select Committee Selects Jim Elkins, Kangaroo Court Held in Senate Office Building."

Among other things it says:

\* \* \* and the committee has not or will not allow this testimony to be disputed. They have even gone a step further by refusing to allow documented evidence showing Elkins as the head of the prostitution ring in this city to be introduced into the record.

I am of the opinion that this statement in this paper refers to the document that has been presented to you. So I am giving an opportunity for the document at this time to be filed as an exhibit, exhibit

No. 136, for reference. You have identified it and stated what the facts are in connection with it.

(The document referred to was marked "Exhibit No. 136" for reference and will be found in the appendix on pp. 2443-2450.)

The CHAIRMAN. I am not particularly concerned about what some paper may publish or what somebody's views may be, but I shall always be concerned about being fair and giving anyone an opportunity to testify if he has pertinent information that might be helpful to the committee and might relate to the subject matter under inquiry.

But I am going to consistently be alert to any attempt to impose upon this committee by activities and efforts such as, according to your testimony and other testimony, was made in this instance.

So I want you now, before you leave this witness stand, to search your soul and your integrity, whatever you have, and state once, finally and for all whether you told the truth in this affidavit or if you have told the truth here this morning.

Mrs. WEEKS. Well, the affidavit is false. What I have told you here is true.

The CHAIRMAN. Are there any further questions?

All right, you may stand aside for the present.

Call the next witness.

Mr. KENNEDY. Mrs. Mary Childres.

The CHAIRMAN. Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth so help you God?

Mrs. CHILDRES. I do.

### TESTIMONY OF MRS. MARY CHILDRES

The CHAIRMAN. Please state your name.

Mrs. CHILDRES. Mary Childres.

The CHAIRMAN. Your place of residence?

Mrs. CHILDRES. 3304 SE. 51st Street, Portland, Oreg.

The CHAIRMAN. And your business or occupation?

Mrs. CHILDRES. I am unemployed and I am a housewife. I haven't been working lately. I am not a prostitute.

The CHAIRMAN. Thank you very much. All right, you understand, of course, that you have a right to have counsel present if you desire. Do you waive counsel?

Mrs. CHILDRES. Yes, sir.

The CHAIRMAN. May I inquire if you have discussed with members of the staff of the committee, the information that you have to give?

Mrs. CHILDRES. Yes; I have.

The CHAIRMAN. All right. You may proceed, Mr. Kennedy.

Mr. KENNEDY. In the past, you have been arrested for prostitution, is that right?

Mrs. CHILDRES. In 1933, once.

Mr. KENNEDY. That is all?

Mrs. CHILDRES. That is right.

Mr. KENNEDY. And then on narcotics? You have taken narcotics in the past and as I understand it you have taken treatment?

Mrs. CHILDRES. Yes, sir.

Mr. KENNEDY. Lately, and you are under doctor's orders, and you are trying to break the habit of narcotics?

Mrs. CHILDRES. That's right.

Mr. KENNEDY. It was through your brother and a union attorney, is that correct, out in Portland, Oreg., that you and your companion, Kathleen Weeks, came forward and told this story now, is that right?

Mrs. CHILDRES. Yes, sir.

Mr. KENNEDY. Was the attorney working for a union in Portland?

Mrs. CHILDRES. ILWU.

Mr. KENNEDY. And that is the International Longshoremen's Union?

Mrs. CHILDRES. Yes.

Mr. KENNEDY. And he is the one that urged you to come forward and tell the true facts?

Mrs. CHILDRES. Yes, sir.

Mr. KENNEDY. Now, you were questioned, as your companion was questioned, in September and October of 1956, regarding this burglary?

Mrs. CHILDRES. Yes, we were.

Mr. KENNEDY. And then you took the trip down to San Francisco and ultimately went to Mexico City and you were deported from Mexico City and went to Laredo, Tex., and put in jail at that time?

Mrs. CHILDRES. Laredo, Tex., yes.

Mr. KENNEDY. And then Mr. Minielly came down and picked you up and you drove back to Portland, Oreg., with him, is that right?

Mrs. CHILDRES. Correct.

Mr. KENNEDY. Now, Mrs. Weeks has testified before the committee that it was suggested to her what testimony she should give and what statements she should make about Jim Elkins. Is that in accordance with your position on this?

Mrs. CHILDRES. Yes, it was. That is the way it was.

Mr. KENNEDY. Is that the way it happened?

Mrs. CHILDRES. Yes.

Mr. KENNEDY. Was it suggested to her and to you what should be said?

Mrs. CHILDRES. Well, the statements were made before the question was asked.

The CHAIRMAN. I will ask the photographers to suspend until the witness concludes her testimony; obviously it is distracting her.

Mr. KENNEDY. This was on the trip back from Laredo?

Mrs. CHILDRES. Yes.

Mr. KENNEDY. Back to Portland, Oreg.? It was Mr. Minielly who was driving at that time?

Mrs. CHILDRES. Yes, sir.

Mr. KENNEDY. Would you describe what happened?

Mrs. CHILDRES. Well, Mr. Minielly, when he entered the Laredo jail to speak with us in regard to our coming together to take us back, his opening statement was:

Well, girls, you know we are here to take you back for the burglary, but that is not the pitch. The pitch is we want to know what you know in regard to Elkins and Rogers and Clark.

Well, in my particular instance it made no difference because I didn't know of them and so the conversation was directed to Miss Weeks.

Mr. KENNEDY. Were there suggestions made on the trip back, the 3- or 4-day trip back to Portland?

Mrs. CHILDRES. Yes. He would say, "Jim Elkins uses narcotics and so you lived there and you must know it." In other words, he would say what they do or did or what he wanted to know, and then tell her to tell him, to substantiate it.

Mr. KENNEDY. He was making suggestions as to what should be said?

Mrs. CHILDRES. That's right.

Mr. KENNEDY. And the same thing as far as prostitution was concerned?

Mrs. CHILDRES. Prostitution and narcotics, yes.

Mr. KENNEDY. And he made a suggestion or statement that Mr. Elkins was involved in prostitution?

Mrs. CHILDRES. Yes, narcotics and prostitution, yes.

Mr. KENNEDY. When you got back to Portland, were you met there by Mayor Schrunk?

Mrs. CHILDRES. Right.

Mr. KENNEDY. And you came to his office?

Mrs. CHILDRES. No, District Attorney Langley's office, with Deputy Prosecutor Longan and the Mayor Schrunk.

Mr. KENNEDY. And the mayor came over, is that right?

Mrs. CHILDRES. Yes, sir.

Mr. KENNEDY. That was on Sunday afternoon?

Mrs. CHILDRES. Two o'clock on Sunday afternoon.

Mr. KENNEDY. At that time a statement was given, an 81-page statement?

Mrs. CHILDRES. Yes, well, Mr. Minielly called Mayor Schrunk about an hour out of Portland and advised him when we would be there to have him meet us.

Mr. KENNEDY. Now Mr. Chairman, that statement is the statement that was submitted originally by Mayor Schrunk here at the hearing.

The CHAIRMAN. Do you have that statement?

Mr. KENNEDY. That is the statement that Mayor Schrunk began to read from on March 8.

Mrs. CHILDRES. I don't remember when it was signed; that is the question in my mind.

Mr. KENNEDY. On page 647 Mayor Schrunk made reference to that and he brought out the fact it had not been sworn to.

Mrs. CHILDRES. No, because it was just in shorthand when we left the office and I have never seen it since.

Mr. KENNEDY. Ultimately steps were taken to get this in affidavit form; is that right?

Mrs. CHILDRES. Yes. But I mean—I don't know—is my signature on that particular statement?

Mr. KENNEDY. I don't believe so.

Mrs. CHILDRES. I don't see how it could be because I don't remember ever seeing it again.

The CHAIRMAN. This was offered, but it was an unsigned statement. It purported to give questions that were asked you and the other witness.

Mrs. CHILDRES. Miss Weeks, yes.

The CHAIRMAN. Purporting to give questions asked you and your answers thereto, and it was unsigned and, therefore, the committee would not accept it. But that as I understand was given where?

Mrs. CHILDRES. In the attorney's office, prosecutor's office, in Portland, at the courthouse.

Mr. KENNEDY. In District Attorney Langley's office?

Mrs. CHILDRES. Yes.

Mr. KENNEDY. In Langley's office?

Mrs. CHILDRES. Yes, sir.

The CHAIRMAN. And then the next day or a few days thereafter, you gave the affidavit?

Mrs. CHILDRES. No. Like I say, I never saw it again after that. But Deputy Prosecutor Lonagan came out to the jail where we were in jail a couple of days before our bond was made, and he had another statement that he took that day about wiretapping and so forth.

That statement Miss Weeks signed and he asked me to sign it as a witness. But this original one, this 80-page one that you were speaking of, the last time I saw that and I think the last time she saw it until now was when the lady who took the notes had it, but it was not typed up.

Mr. KENNEDY. That later statement, Mr. Chairman, was offered by Mr. Clyde Crosby, on March 15, the one that was sworn to. It was offered by Mr. Clyde Crosby on that date.

Now, were there any threats of any kind made to you that if this statement was not made, what would happen to you?

Mrs. CHILDRES. The way it was put was like this: "If you will play ball with us, we will play ball with you, and we can make it hard on you or we can make it easy on you."

Mr. KENNEDY. Was there discussion about anything specifically?

Mrs. CHILDRES. Well, in regard to Salem, there is a law in Oregon for anyone who uses or who is addicted or uses drugs, they can send you to Salem just on the marks on your arms or hands.

Even if they are old or new they can do as they feel about it.

Mr. KENNEDY. Could you have been sent to Salem?

Mrs. CHILDRES. That's right.

Mr. KENNEDY. During that time, did they take steps on your bail to make any promises to you about your bail?

Mrs. CHILDRES. Mr. Lonagan, the deputy prosecutor, the day he came out with the statement about wiretapping, I asked him and I said, "Well, aren't you going to have this bail cut because it is exorbitant for the charge and everything, \$5,000?" And so he said, "Sure, we will cut it to \$500." And I said, "Well, that is going a little too ridiculous." And so finally he said, "\$1,500 or \$1,000," and I said, "Well, \$1,000," and that is where it was cut.

Mr. KENNEDY. Was that again based on your cooperating with them?

Mrs. CHILDRES. Yes.

Mr. KENNEDY. Did they ever make arrangements for you to appear before a grand jury?

Mrs. CHILDRES. No, we have never even had a preliminary hearing.

Mr. KENNEDY. Did you understand or did they tell you that nothing would be done about the burglary charges?

Mrs. CHILDRES. Well, when I mentioned that I thought I should get an attorney because my friend had one retained for her, he said, "That

is unnecessary. It is not going to be anything and you don't need an attorney. There is not going to be anything to it, so it is not necessary to retain one."

MR. KENNEDY. During this period of time, did they keep narcotics away from you and Miss Weeks?

MRS. CHILDRES. Oh, yes. We were in custody, in jail.

MR. KENNEDY. Was there any suggestion that if you went along with the statement that you could get narcotics?

MRS. CHILDRES. Oh, no, no. In fact we really weren't interested because a month had gone by by that time.

MR. KENNEDY. Did he give you any money?

MRS. CHILDRES. Yes, on different occasions.

MR. KENNEDY. How much money approximately did you receive?

MRS. CHILDRES. I would say around \$100.

MR. KENNEDY. That was from Mr. Minielly?

MRS. CHILDRES. Yes, it was.

MR. KENNEDY. Did you receive money from anyone else?

MRS. CHILDRES. No.

MR. KENNEDY. Were any gifts given to you, or any bills paid?

MRS. CHILDRES. No.

MR. KENNEDY. You appeared on television, did you not, while these hearings were going on?

MRS. CHILDRES. Yes, sir.

MR. KENNEDY. Who made the arrangements for you to go on television?

MRS. CHILDRES. Mr. Minielly.

MR. KENNEDY. What did he say to you at that time?

MRS. CHILDRES. He seemed concerned about the position Mr. Schrunk was in here, and he thought that the statements that had been taken and everything would be to his advantage and also, let the people of Portland know, and it would help his situation. That was his reason for taking us, Mr. Schrunk's situation.

MR. KENNEDY. It was the difficulty Mayor Schrunk had gotten into?

MRS. CHILDRES. Gotten into here, yes, sir.

MR. KENNEDY. And Mr. Minielly made the arrangements?

MRS. CHILDRES. Yes, sir.

MR. KENNEDY. Did he give you any money?

MRS. CHILDRES. After that, we came from the television office and I believe he gave us \$20.

MR. KENNEDY. The committee was trying to contact you, what about that?

MRS. CHILDRES. Of course we knew who you were.

MR. KENNEDY. You had a message that I was trying to contact you and you were to call me collect, is that right?

MRS. CHILDRES. That's right, and so we told him, and as a matter of fact we more or less asked him what he thought we should do about it. And he told us to ignore it because Mr. Bennett had been here and that you had told Mr. Bennett that if he had anything to say, he would never get out of town alive.

MR. KENNEDY. That I personally had told him that?

MRS. CHILDRES. Yes. And that you were related to the Oregonian in Portland someway—your family or something—and so that should tell us what side of the fence you were on.

MR. KENNEDY. But he told you at that time to stay away from us?

Mrs. CHILDRES. Yes.

Mr. KENNEDY. Were you also told to stay away from the grand jury in Portland?

Mrs. CHILDRES. Yes. I called him when I heard the grand jury was trying to contact us, and he said, "Well, go some place and hide. Do something." And I said, "Where are we going to go? I am not going anywhere." And we stayed there and they came and got us.

Mr. KENNEDY. This was when you were up in Seattle?

Mrs. CHILDRES. Yes, sir.

Mr. KENNEDY. And he told you to hide from the grand jury which was looking for you at that time?

Mrs. CHILDRES. Yes, sir.

The CHAIRMAN. That was the Portland grand jury?

Mrs. CHILDRES. Yes.

The CHAIRMAN. And where did he tell you that?

Mrs. CHILDRES. I called him from Seattle, and I talked to him at his home in Portland.

The CHAIRMAN. That is Mr. Minielly?

Mrs. CHILDRES. Yes, sir.

The CHAIRMAN. And you called him and talked to him?

Mrs. CHILDRES. I did.

The CHAIRMAN. He is a deputy sheriff?

Mrs. CHILDRES. Yes, sir.

The CHAIRMAN. And you told him where you were?

Mrs. CHILDRES. Yes, sir.

The CHAIRMAN. And that you understood the grand jury of Portland wanted you?

Mrs. CHILDRES. Our bondsman told me.

The CHAIRMAN. I beg your pardon?

Mrs. CHILDRES. My bondsman, who is a Seattle firm, had contacted us and told us that the grand jury was trying to locate us for our appearance.

The CHAIRMAN. In other words, your bondsman had acquainted you with the fact that the grand jury was trying to locate you and wanted your testimony?

Mrs. CHILDRES. That's right.

The CHAIRMAN. So then you called Mr. Minielly?

Mrs. CHILDRES. I did.

The CHAIRMAN. And you told him that you understood the grand jury wanted you?

Mrs. CHILDRES. Yes.

The CHAIRMAN. And what did he say?

Mrs. CHILDRES. He said, "Well, you had better go some place and get out of that hotel room fast." And I said, "I don't know where to go." And he said, "Go someplace and hide," and I said, "I am not going any place."

The CHAIRMAN. Knowing that the grand jury wanted you, he advised you to hide?

Mrs. CHILDRES. That's right.

The CHAIRMAN. To get away?

Mrs. CHILDRES. Until it had convened or it was supposed to be over in a few days.

The CHAIRMAN. Until it was over?

Mrs. CHILDRES. That's right.

The CHAIRMAN. He did not want you before the grand jury?

Mrs. CHILDRES. No.

Mr. KENNEDY. After you appeared before the grand jury, did he urge you to bring kidnaping proceedings against the Seattle police?

Mrs. CHILDRES. He did; but it seemed the way he explained it he wasn't so concerned with the Seattle police; it was an effort to put a reflection on the grand jury that we had been brought before because he felt it was at their insistence that that would be a reflection on them.

Mr. KENNEDY. Do you have any information at all that Mr. Elkins uses narcotics?

Mrs. CHILDRES. None. I don't know the man.

Mr. KENNEDY. You do not even know Mr. Elkins?

Mrs. CHILDRES. No, sir.

Mr. KENNEDY. And do you have any information or firsthand knowledge that Mr. Elkins is involved in prostitution?

Mrs. CHILDRES. I have not.

Mr. KENNEDY. And have you any firsthand information that Mr. Elkins doctored any of the tapes? Did you ever see anything like that?

Mrs. CHILDRES. No; I haven't.

Mr. KENNEDY. You do not even know Mr. Elkins?

Mrs. CHILDRES. I am not acquainted with him at all.

The CHAIRMAN. We will present to you exhibit 136. The Chair presents to you exhibit 136 an affidavit given by Mrs. Weeks on March 9. Were you present when that affidavit was made?

Mrs. CHILDRES. Yes; I was.

The CHAIRMAN. I note you signed it, did you not?

Mrs. CHILDRES. Wait just a minute.

The CHAIRMAN. Look on the last page and see if your signature is on it.

Mrs. CHILDRES. Yes. I signed it as a witness. Yes; as a witness.

The CHAIRMAN. You signed it as a witness?

Mrs. CHILDRES. That's correct.

The CHAIRMAN. You were present during the time that affidavit was being taken?

Mrs. CHILDRES. Yes; I was.

The CHAIRMAN. Did you hear the questions asked and the answers given?

Mrs. CHILDRES. Yes; I did.

The CHAIRMAN. Do you remember the contents of the affidavit?

Mrs. CHILDRES. After going through it, I do remember now.

The CHAIRMAN. You did not sign it as an affiant. You only signed it as a witness?

Mrs. CHILDRES. That is correct.

The CHAIRMAN. Do you have any knowledge of any of the facts contained in that affidavit? Do you know whether any of those statements regarding Mr. Elkins and the other substantial matters of it are true or false?

Mrs. CHILDRES. I wouldn't know.

The CHAIRMAN. You would not know?

Mrs. CHILDRES. No.

The CHAIRMAN. In other words, you know nothing of those facts?

Mrs. CHILDRES. Not one thing.

The CHAIRMAN. You could not testify to them or refute them?



Mrs. CHILDRES. I could not, no.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. All right, you may stand aside.

Thank you very much.

The CHAIRMAN. Bring Mr. Minielly back. Come around, please, Mr. Minielly.

### TESTIMONY OF GEORGE MINIELLY—Resumed

The CHAIRMAN. Mr. Minielly, you have heard Mary Childres and Lucille Weeks testify, have you?

Mr. MINIELLY. I have.

The CHAIRMAN. All right, is there any comment you wish to make?

Mr. MINIELLY. I certainly have.

The CHAIRMAN. Proceed.

Mr. MINIELLY. This is the greatest hoax ever pushed on the American public. If those girls didn't make those statements, where did that information come from?

I don't know any dope peddlers and I have never been in any houses of prostitution, and I don't know the peddlers in Seattle and I don't know the colored peddlers in the city of Portland, and I don't know the colored peddlers that furnished them narcotics in Mexico City.

The CHAIRMAN. Let me ask you this: These girls are under indictment, are they not?

Mr. MINIELLY. Yes, sir, and so am I.

The CHAIRMAN. Well, you may be. And they were in your charge and you had custody of them?

Mr. MINIELLY. Yes, sir.

The CHAIRMAN. You had them in jail, is that correct?

Mr. MINIELLY. That is correct.

The CHAIRMAN. And they made bond, and they were released?

Mr. MINIELLY. That is correct.

The CHAIRMAN. What are the charges against them?

Mr. MINIELLY. Burglary in dwelling.

The CHAIRMAN. Burglary in a dwelling?

Mr. MINIELLY. Yes.

The CHAIRMAN. Who initiated those charges against them?

Mr. MINIELLY. The district attorney's office.

The CHAIRMAN. That is Mr. Langley?

Mr. MINIELLY. His deputy, Oscar Howitts, signed the information.

The CHAIRMAN. Well, Mr. Langley is responsible. When you say district attorney, you mean Langley's office?

Mr. MINIELLY. That is right.

The CHAIRMAN. The grand jury has been in session how long out there?

Mr. MINIELLY. The attorney general's office has controlled the grand jury for the past 3 or 4 months, and the district attorney's office has over 200 felonies in the county jail waiting for the grand jury.

The CHAIRMAN. Did Mrs. Childres call you from Seattle regarding her appearance before the grand jury?

Mr. MINIELLY. She did.

The CHAIRMAN. What did you tell her?

Mr. MINIELLY. She wanted to know from me if I was looking for them to appear here in court, in Portland, I mean, and I said I was not. And she said, "There are two men here according to the hotel-keeper that are looking for us," and she said, "They are not from your office?" And I said, "Not to my knowledge," but I said, "They may be from the attorney general's office. This madman Kaplan is handling the grand jury and he may have sent two men up there looking for you. As I told you, if you go before the grand jury and they bring you back to the city of Portland, all I ask of you is to tell the truth," and that is all I have ever told those women, is to tell the truth.

The CHAIRMAN. Who did you inform that she had called you?

Mr. MINIELLY. Kaplan of the grand jury. He called me in at night at 11:30, two nights later to appear before the grand jury, from 11:30 at night until 1:30 in the morning.

The CHAIRMAN. Did you tell the grand jury where she was, and where they could be found?

Mr. MINIELLY. I told them they were in Seattle, and the only way I knew to find them was to contact Mr. Lyman, the bail bondsman in Seattle, and I didn't know where they were.

The CHAIRMAN. Then apparently their bondsman was contacted, wasn't he?

Mr. MINIELLY. Apparently.

The CHAIRMAN. Isn't that what she told you, that her bondsman had said she was wanted in Portland?

Mr. MINIELLY. She told me someone had been at the hotel according to the hotel manager.

The CHAIRMAN. Are there any further statements you want to make?

Mr. MINIELLY. Well, as an officer of 27 years' experience, I have never had a reversal of a signed sworn statement in all of my life to this extent. I was told before I arrived here in Washington that the girls had been threatened with perjury unless they reversed their story by this Mr. Kaplan, running the county grand jury for the attorney general's office, and he has threatened me and threatened other witnesses, and so I expected this testimony when I came here today.

But I stand on my record and my testimony.

The CHAIRMAN. Do you think that the committee has been unfair to you or to them?

Mr. MINIELLY. No, you are throwing the questions as you see them, and I expected a hatchet job when I came here, because I was warned what had happened in Portland before I got here, and these girls were taken care of before they ever came here. It is their story.

The CHAIRMAN. By whom? What do you mean, "taken care of"?

Mr. MINIELLY. I believe Mr. Kaplan has threatened them with perjury unless they reversed their stories.

The CHAIRMAN. Who?

Mr. MINIELLY. Mr. Kaplan, the assistant attorney general of the State of Oregon, who sat on the grand jury in Multnomah County Courthouse for the past 2 months.

The CHAIRMAN. That is just a belief, and do you have any proof of it?

Mr. MINIALLY. It is hearsay with me. The city police in Seattle told a newspaperman they were threatened with perjury by Kaplan unless they reversed their story, and he had an indictment ready to put out for them. He indicted me for larceny from the dwelling when I had a legal search warrant, when I had those tapes on May 17 of last year. The error I made was I didn't put the tapes on the receipt that I gave to Ray Clark, due to the fact that I had hauled the tapes out to the car after 10 minutes of fighting people in the house newspapermen and getting tapes, and I locked them in the prowler car in front of the door for safekeeping and I turned them over to Sheriff Schrunk to lock in the safe and I went home and went to bed.

When I returned, there were 4 or 5 men in Schrunk's office at 3 or 4 o'clock in the morning. When I returned I gave him a list of deputy sheriffs and their occupations and where they lived, and what shift they worked, found in the Clarks' residence in the bedroom, and I had mistakenly carried it home with me, and Schrunk wanted that document.

And so I returned at 3 o'clock in the morning, and gave him the document and heard these tapes playing for about 5 minutes, and that is all I have ever heard those tapes played, and I never owned a tape recorder.

Also they indicted me for conspiracy with the Oregon Journal management, the editors, and so on for copying those tapes, or words to that effect, and I have never touched them or had anything to do with them outside of the custody of them.

The CHAIRMAN. How long was it after you left, after you were hearing them played, before the Oregon Journal got them and copied them? Was it the same night or the next day?

Mr. MINIALLY. That is my understanding, but I wasn't present. But I am still indicted for being a party to it because I seized them with a legal search warrant signed by a judge.

The CHAIRMAN. I am sure that you will be able to make proper defense to whatever charges are against you.

Mr. MINIALLY. I am not worried about that.

The CHAIRMAN. You will have that opportunity.

Mr. MINIALLY. I am not worried about going to court because it is ridiculous, the whole thing is ridiculous. That is what I am trying to point out to you. Elkins is still calling the shots.

The CHAIRMAN. Do you think he is still calling the shots out there?

Mr. MINIALLY. I am positive of it. I have been around that town all of my life and I have been an officer for 27 years.

The CHAIRMAN. When we asked you to come here and testify after you had written you had pertinent information, and when we finally found these other two witnesses, the Childres woman and the Weeks woman and brought them here, you don't think Elkins was calling that shot, do you?

Mr. MINIALLY. I certainly do. All you have to do is read that testimony, and you can see that I didn't write those stories, and I don't know those people and I couldn't tell you.

The CHAIRMAN. One of them said she doesn't even know Elkins, and the other one says she had only seen him one time.

MR. MINIELLY. I never saw them with Elkins but they told me they had been in the house and I don't think Mary Childres does know him very well, but the little girl knows him very well. It was her story that she had sniffed heroin from the same spoon with him. In my own personal opinion the man is a user and I have seen him charged so heavy he couldn't open his eyes time and again.

THE CHAIRMAN. What did you do about it?

MR. MINIELLY. What can I do about it? I am not a doctor.

THE CHAIRMAN. You are an officer, are you not?

MR. MINIELLY. You have to have evidence and you have to find the stuff on him.

THE CHAIRMAN. You had the evidence when he was under the influence of it and you saw that condition.

MR. MINIELLY. Not as I understand it. We have Federal narcotics officers who have been there for years and they haven't done anything about it, and so I am not going to stick my neck out.

THE CHAIRMAN. You wouldn't stick your neck out?

MR. MINIELLY. No.

THE CHAIRMAN. You would stick your neck out to go out and get up this testimony for the district attorney's office, wouldn't you?

MR. MINIELLY. That is my job as a detective.

THE CHAIRMAN. Isn't it your job to arrest those guilty of violating narcotics laws as well?

MR. MINIELLY. It sure is if you can catch them.

THE CHAIRMAN. You caught him and you saw him.

MR. MINIELLY. I never saw him take the narcotics.

THE CHAIRMAN. You saw him under the influence of it, you said.

MR. MINIELLY. That is my opinion. Thousands of people saw him on television, and at the airport when he returned to Portland, while he was there and returned that weekend, and saw him on television. The men that were close to him said he wasn't intoxicated.

THE CHAIRMAN. Do you want to get something straight?

MR. ELKINS is not running this committee.

MR. MINIELLY. I didn't say he was.

THE CHAIRMAN. Otherwise you wouldn't be here. He is not calling the shots. He didn't send for you.

MR. MINIELLY. I have perfect confidence in you, sir.

THE CHAIRMAN. Thank you.

Are there any other questions?

SENATOR GOLDWATER. Mr. Minielly, you testified before, in answer to a question from the counsel, that you had not given these girls any money during the trip from Laredo to Portland or at any time. Now, the young ladies on the witness stand under oath testified that you had given them amounts of money that might total \$100. How would you answer that now?

MR. MINIELLY. Let me tell you, sir, when I arrived in Laredo, Tex., there were 2 sick girls with arms full of needle marks, and they had been in custody some 12 days in practically a dungeon. They asked me if I would pay their matron \$3.50 they owed for milk, eggs, and whatnot that she had brought in from the outside to help them recover from their illness, their withdrawal. I gave that old Mexican matron a \$5 bill and she didn't have any change so I told her to keep it. That was because she had earned it.

It was 96°, and I am driving an old automobile and the heat was intense and the girls were sick, and I bought an icebox and put it in my car. And I carried food and we could have it for sandwiches and chicken, and tuna fish, and Coca Cola, and pops and so on every time we stopped. Those girls had the best of food—ham and eggs, and steaks and roasts. I tried to treat them like human beings.

The older one complained that she had a bladder ailment or something and gave me a name of some pills she wanted, and so I stopped at a drugstore somewhere in lower Texas there and I went to the druggist and I said, "What is this stuff?" And he told me it was for a bladder or kidney ailment and I said, "There is no narcotics involved?" and he said "No." And I said, "All right, I will buy it," and it cost me \$1.50.

I put those two girls in jail the first night out in El Paso, Tex., and it took me an hour to get them booked in and I told them I wanted them out at 3 o'clock in the morning and I was driving 14 or 16 hours a day to get back.

I went to the jail to get them about 4 o'clock in the morning and it took me about an hour to get them released because everyone was asleep.

Thereafter I kept them in a motel rather than go up in the jail, just two more stops is all, in Rickenburg, and Williams, Calif.

I fed them good and they were talking a stream and what the little one couldn't remember the older one needled her and told her what to say and I made a lot of notes. I knew when I started on that extradition matter that these people were involved in the Elkins thing and worked as prostitutes, the young one for him for numerous months. That was the information that I had.

There was nothing personal.

She told me about that association, and who she saw, and the whole story about her addiction to narcotics, and their associates in the use of narcotics. That is their story, sir, and not mine. I took the story.

Senator GOLDWATER. Could we get back to the question I asked you? Did you give them any money in the sums that they mentioned, that would total \$100 or thereabouts, and forget what you spent on them: you testified to that effect before.

Mr. MINIALLY. I never gave them any money. I believe I lent that gal \$20 which she said she would pay me back. They had no clothes or food, and I don't know who bought them those rags they had on here, but they were never dressed like that before.

Senator GOLDWATER. Who did you lend the \$20 to?

Mr. MINIALLY. I gave them \$10 apiece for groceries.

Senator GOLDWATER. Did you lend it to them?

Mr. MINIALLY. I loaned it to them, and I never gave anybody any money, and I don't have any money to give away.

Senator GOLDWATER. All of the money that left your hands to them was \$20; \$10 each?

Mr. MINIALLY. That is what I recall.

Senator GOLDWATER. Now remember you are testifying under oath just the same as they are.

Mr. MINIALLY. And I feel sorry for them, because I have a conscience and they apparently don't know, because I am not a liar. That is their story, and not mine, and I stand on my 27 years record as a

policeman or deputy sheriff and I have been in United States Navy intelligence, and to sit here and listen to people like this, and have a thing like this back up on you is ridiculous, and I don't think that you people will buy it.

Senator GOLDWATER. You say that they are perjuring themselves when they testified to that?

Mr. MINIALLY. I certainly do. Every word of that statement is theirs, and not mine.

Senator GOLDWATER. Let me ask you another question.

I believe Mrs. Weeks, the first witness, testified to the effect that you removed them from the jail telling them that you would buy them clothes and that when you got downtown with the girls, you were at a television station, and they went on the air. Is that according to your memory?

Mr. MINIALLY. I recall that now, as you mentioned it. That girl didn't have shoes, and she had borrowed shoes from some colored woman they were staying with, and I think they were some kind of Indian moccasins four sizes too big, and it had been raining, and I did say, "For heavens sake, I'll take you to J. C. Penney or someplace and buy you a pair of shoes for \$5 or \$6."

I took her to the television because they requested their presence, and when I talked to them and asked if they wanted to appear on television she said they did.

Senator GOLDWATER. Did you ask them before you took them down if they wanted to be on television?

Mr. MINIALLY. Yes.

Senator GOLDWATER. And they knew about the purpose of the mission?

Mr. MINIALLY. Why, certainly.

Senator GOLDWATER. And they were testifying falsely then when they testified that they were taken downtown on the assumption that you were going to buy clothes for them?

Mr. MINIALLY. Certainly.

Senator GOLDWATER. Now let me ask you one other question. The question was asked you by the counsel in several instances whether or not you threatened these girls in any way to obtain this testimony. You said that you did not.

Now, the girls when they were on the stand under oath, the same as you are, testified to the effect that you did threaten them.

Mr. MINIALLY. Sir, I have never threatened anybody in my life, and my reputation will stand that. And I have had a lot of vicious criminals, and I have handled homicides, murders, and kidnaping, burglaries, thefts of all kinds, and I rode a motorcycle in 1930, up to a prowler car, to detectives, and I don't threaten anyone. I try to explain to them why and wherefor if they are wrong.

I didn't threaten them, and I made it plain that I was in no position to help them in the courtroom or monetarily. And not only, on top of that they have told me they have been questioned before this grand jury regarding the same article, and Mary Childres told me that she made it very plain to Mr. Kapan that I did that, that I made it very plain to them that there was no chance of me doing any good for them. I could recommend to the district attorney that they reduce their bail, because bail is nothing more than appearance in court, and the girls were broke and they had to rely on their brother and friends, and

the friendship of the bail bondsman that had known Mary Childres for years in Seattle, Wash., to assist her in getting out of jail.

Senator GOLDWATER. You did not offer threats in any way? When I say threats, I do not mean threat of physical violence or personal harm, but the threat of probably changing the charge to a more—

Mr. MINIALLY. Sir, you, as an attorney, know better.

Senator GOLDWATER. I am not an attorney. I have respect for them. I am glad I am not one of them.

Mr. MINIALLY. I have nothing to do with the charge. The story about the penitentiary; you can't send anybody to the penitentiary unless it is a year or more. I have nothing to do with that. That is up to the prosecution and the judge giving sentence. So I never made such statement as that.

Senator GOLDWATER. From your knowledge of law enforcement up there, is it true, as these girls testified, that you can be sent to Salem for merely having needle marks or cut marks on your arms, even if they are old?

Mr. MINIALLY. There is in addition an addict law that a person known to be a user of narcotics can be booked for being a user of narcotics and sent to the State hospital and take the cure. Most of them take it voluntarily when they are picked up and talked to.

I have taken several of them down of their own free will and they have signed it themselves without any charge. They spend usually 90 days, 4 months, but I have yet to see one stay with it.

Senator GOLDWATER. What do you think has happened to cause these girls to change their minds? Tell us because we would like to have some leads. We would like to know where to look. We get two different stories this morning.

We would like to find out whether you are telling the truth or they are telling the truth.

Mr. MINIALLY. I am 55 years old and I have had it. These girls when they came back they had a lady attorney named Eve Elliott, a very respectable lady attorney, with very good reputation in the city of Portland. They had been back and forth to Seattle 2 or 3 times, how they got up there, how they got back, I don't know.

What they are doing up there, I don't know, but they know their way around in Seattle. They both have worked up there as prostitutes according to their story.

I don't know that; I haven't been up there and talked to the police from Seattle, but from their own conversation I know they are well known in Seattle and like it up there.

They called me numerous times, what goes. I tell them what goes. There is no question in my mind that Elkins is calling the shots in the city of Portland and operates that grand jury in the county seat of Multnomah County and the attorney is backing him up to the hilt, especially Kaplan.

Senator GOLDWATER. Who is Kaplan?

Mr. MINIALLY. He is deputy attorney of the State of Oregon and going to a psychiatrist by the name of Dr. Bookeldorf.

Senator GOLDWATER. Is Dr. Bookeldorf in Portland?

Mr. MINIALLY. Yes.

Senator GOLDWATER. How old a man is Kaplan?

Mr. MINIALLY. About 40.

Senator GOLDWATER. Why do you suspect him of being odd?

Mr. MINIALLY. I have stayed in that grand jury room. They called me four times, the last time in the middle of the night, which is most unusual.

He cross-examined me for 4 and 5 hours at a time over all these things I have done. I swear to tell the truth, so help me God.

When I walk into this room I don't want the fifth amendment, I don't want an attorney as I have done nothing wrong.

He cross-examined me until I got so dry that I almost went to pieces. I told the guy, "If you don't let me out of here at 5 o'clock, I have been here all day; I am going to walk out of here."

He said "You try to walk out of here."

"If you try to stop me I will knock you across the room."

The next day the same thing, asking questions, accusing me that I buy these women narcotics on the way back, that I furnished them money to buy narcotics on the way back here.

He had me almost frantic. He took me down to the judge, at his request, not mine. Judge Crawford wanted to know what goes. The judge asked the foreman, "What is the trouble?"

"We want to complain about the way this attorney representing us is treating this witness here, Mr. Minielly."

That man Kaplan said to the judge, "Your honor, I was reported sometime ago by a witness of mistreatment and I almost lost my job. I don't like it. This man told me I was running a kangaroo court. So I thought I would bring him down here to let him tell you the story."

I said, "Your Honor, I didn't ask to be brought down here, but I can take care of myself. I will tell you what that man is doing to me."

I told him what he was trying to do—put words in my mouth.

I said, "He is not representing the State before the grand jury. He is trying to persecute me and prosecute me. Yet he tells me he is not trying to indict me. Now he turns around to indict me. I am out on \$5,000 bail now. I have never been arrested in my life. Yet I am out on \$5,000 bail. They even reduced bail for larceny of a dwelling and seizures of these tapes. The face of the warrant was signed by a judge. Also with conspiracy about these tapes with which I had nothing to do. That is beside the point here. You people are not interested in that.

I am telling you about this man Kaplan. He is the one that has arranged with these girls to change their story aboutface——

Senator GOLDWATER. Are you sure of that?

Mr. MINIALLY. That is my opinion. I am not sure of anything nowadays.

Senator GOLDWATER. Can you suggest any way we might be able to prove or disprove that statement? Are there people you can name that we might contact regarding that statement?

Mr. MINIALLY. A scribe told me that this captain of the police——

Senator GOLDWATER. Who told you?

Mr. MINIALLY. A newspaper man, Bud Crick.

Senator GOLDWATER. Who does he work for?

Mr. MINIALLY. Oregon Journal. He said he had contacted this man in Seattle.

Senator GOLDWATER. Contacted Kaplan?

Mr. MINIALLY. No, Captain Ramone of the Seattle Police Department. He told him he understood these girls were to be picked up



and brought back to Portland and if they didn't reverse their story, or their original testimony—they had been before the grand jury 4 times, and stuck to their story the first 3 times.

Mr. KENNEDY. Are you saying that as a fact?

Mr. MINIALLY. I am saying it as hearsay evidence.

Mr. KENNEDY. I talked to Captain Ramone when I was out in Seattle because we were looking for these two girls.

Do you state under oath here before the committee that that is what Captain Ramone said?

Mr. MINIALLY. He didn't say it to me.

Mr. KENNEDY. You were told that?

Mr. MINIALLY. Yes.

Mr. KENNEDY. Now, will you state under oath, you said about Mr. Kaplan going to a psychiatrist; he was a mental case; is that right?

Mr. MINIALLY. That is also hearsay, with me.

Mr. KENNEDY. You said he is a mental case?

Mr. MINIALLY. That is my——

Mr. KENNEDY. You said that before the committee. You have made that statement about an assistant district attorney in Portland, Oreg., who is not here to defend himself, and named the doctor he is going to.

Would you make that statement outside this committee room so that if it is false you can be sued for libel?

Mr. MINIALLY. I made this statement——

Mr. KENNEDY. Will you make the same statement that you have made before this committee, outside this committee room, about Mr. Kaplan?

Mr. MINIALLY. No, no; I am not crazy.

Mr. KENNEDY. Then don't make statements like that. Don't come before this committee and make statements about people who are not here to defend themselves.

Mr. MINIALLY. That is my opinion. I still stand by my opinion as far as the way he treated me.

Senator GOLDWATER. Do you think Mr. Kaplan is a little crazy? You testified to the fact; in fact you mentioned the doctor's name. I still would like to know more specifically who is responsible for these girls changing their testimony. Is it Mr. Kaplan alone?

Mr. MINIALLY. Let us get back now to the attorney——

Senator GOLDWATER. Will you answer the question? Is Mr. Kaplan the only person responsible for these girls changing their testimony, according to your knowledge or what you have heard?

Mr. MINIALLY. He is the basis.

Senator GOLDWATER. You say that on hearsay, that is——

Mr. MINIALLY. That is my opinion.

Senator GOLDWATER. Who would be the person back of him that pushes him to make these girls change their testimony?

Mr. MINIALLY. It is my opinion the Elkins mob is still calling the shots all the way down the line from the attorney general himself.

Senator GOLDWATER. You think that Mr. Elkins controls the attorney general of the State of Oregon?

Mr. MINIALLY. It sure looks that way to me.

Senator GOLDWATER. Do you think he controls the Governor?

Mr. MINIALLY. No.

Senator GOLDWATER. Do you think he controls the sheriff of the county?

Mr. MINIELLI. No.

Senator GOLDWATER. Does he control you?

Mr. MINIELLI. No; I should say not.

Senator GOLDWATER. The county attorney?

Mr. MINIELLI. No.

Senator GOLDWATER. The police chief?

Mr. MINIELLI. Not the present police chief.

Senator GOLDWATER. Any of the judges?

Mr. MINIELLI. I don't believe so.

Senator GOLDWATER. Then he only controls the attorney general and Mr. Kaplan?

Mr. MINIELLI. That is my opinion, the way the grand jury has been going, sir.

Senator GOLDWATER. Would the attorney general have pressured Mr. Kaplan to have these girls change their testimony?

Mr. MINIELLI. I did not get the question.

Senator GOLDWATER. Would the attorney general have pressured Mr. Kaplan to have these girls change their testimony?

Mr. MINIELLI. Your guess is as good as mine.

Senator GOLDWATER. I would not want to even take a shot at guessing. I do not even know the attorney general.

You see, what I am trying to get at is who is the man behind all of this. If you say you suspect the attorney general is involved, who is big enough in the State of Oregon to put pressure on the attorney general?

That is a pretty high office.

Is Mr. Elkins that big?

Mr. MINIELLI. That is my opinion, sir. It has been for 25 years.

Mr. KENNEDY. You have known Mr. Elkins for 25 years?

Mr. MINIELLI. Known of him. I never met the man until August last year when I had the duty of serving a subpoena on the man.

Mr. KENNEDY. You have found him a rather dangerous character?

Mr. MINIELLI. No, he is not dangerous. Anything but dangerous.

Mr. KENNEDY. Well, he controls all these people?

Mr. MINIELLI. That is my opinion.

Mr. KENNEDY. You are a police officer?

Mr. MINIELLI. I am a deputy sheriff, I am not a police officer.

Mr. KENNEDY. He is a rather dangerous figure out there if he can do all these things.

Mr. MINIELLI. When you say dangerous, I always think if a man dangerous as one you would be afraid to arrest or accost, but he is not; he is very meek.

Mr. KENNEDY. Have you ever received any gifts from him?

Mr. MINIELLI. No.

Mr. KENNEDY. Never received any money?

Mr. MINIELLI. No, sir; no.

Mr. KENNEDY. Never received any whisky?

Mr. MINIELLI. No, sir. One day in his presence——

Mr. KENNEDY. Wait a minute, Mr. Minielly. Did you receive any whisky, or not? You said, "No, sir." Is that answer correct?

Mr. MINIELLI. That is correct.

Mr. KENNEDY. Did you receive any whisky indirectly from him through anyone else?

Mr. MINIALLY. Pat Hanan, the attorney.

Mr. KENNEDY. Go ahead.

Mr. MINIALLY. Pat Hanan, who represented Mr. Elkins and four others that I had called Pat to have in his office one day when I had indictments to serve on all five of them. They so appeared, and I went down to the office and served the indictments. As we left, Pat Hanan pulled out of the desk drawer and presented me a quart of whisky.

I said, "What is this?"

He said, "Just a gift. I like the way you handle this. You don't run my clients all over town and send officers out to arrest them. I want to make a little present."

I said, "On those grounds I will accept it, but I am not obligated to anybody."

Mr. KENNEDY. You took the whisky?

Mr. MINIALLY. From Pat Hanan.

Mr. KENNEDY. Did you make arrangements before you went up there that if he gave you a couple of bottles of whisky you would serve the warrants up there rather than any place else?

Mr. MINIALLY. That is not a very good question for a man of your caliber to ask. That would be furthest from the truth. Please try not to do it again. I buy my own whisky if I want a bottle of whisky.

Mr. KENNEDY. Will you answer the question?

Mr. MINIALLY. There was no such arrangement made, Mr. Kennedy.

Mr. KENNEDY. You have been working for Sheriff Schrunk for how long?

Mr. MINIALLY. I believe he took office in 1949 and left the first of January 1957.

Mr. KENNEDY. Have you been his chief deputy since what time?

Mr. MINIALLY. I am not chief deputy. I am just a detective.

Mr. KENNEDY. Did you have any title, from Mr. Schrunk when he was sheriff?

Mr. MINIALLY. I was known as special investigator under the Civil Defense Act since 1950. I have a letter in my pocket if you would like to read it.

Mr. KENNEDY. I don't.

Mr. MINIALLY. Appointing me as a detective to work in conjunction with the FBI, railroad detective, city police and so on, in investigation of subversives in Multnomah County.

Mr. KENNEDY. Did you have some special relationship? Were you a higher detective than the rest? Were you special assistant to Schrunk?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. You were not?

Mr. MINIALLY. No, sir. The pay was the same as the other detective.

Mr. KENNEDY. I am not asking about the pay.

Did you have some special title?

Mr. MINIALLY. Other than I just stated, I was an investigator.

Mr. KENNEDY. For Mayor Schrunk?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. That is from 1949 or from when?

Mr. MINIALLY. August 8, 1950.

Mr. KENNEDY. Have you any other source of income other than your position with the sheriff's office?

Mr. MINIALLY. About 4 years, up until 2 years ago I used to be a house detective up in the Multnomah Kennel Club dog racing for a 60-day meet each summer.

Mr. KENNEDY. You used to work at the dog track?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. What did you do?

Mr. MINIALLY. A house detective, mingling with the crowd watching for pickpockets.

Mr. KENNEDY. What did you receive for that?

Mr. MINIALLY. Fifteen dollars a night.

Mr. KENNEDY. Did you perform any other duties up there?

Mr. MINIALLY. I have been officer in charge of the Multnomah Municipal Stadium for the past 15 years, in charge of all police hired for all—

Mr. KENNEDY. Did you do anything else at the dog track?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Do you have any other source of income other than the dog track and your job in the sheriff's office?

Mr. MINIALLY. I own a signboard on some property on the east side of the river that pays \$150 a year, I believe, from a signboard company, on a vacant lot that was my home when I was a child.

Mr. KENNEDY. \$150 a year?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. Have you any other source of income over the period of the past 6 years?

Mr. MINIALLY. I receive \$20 a month additional to my regular salary for this civil defense deal which is in addition to my regular checks as a county detective.

Mr. KENNEDY. Any other sources of income?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Nothing else?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never received moneys from anyone else?

Mr. MINIALLY. I have a sister that has given me \$100 at different times.

Mr. KENNEDY. What does she do?

Mr. MINIALLY. Stock and bond investment business.

Mr. KENNEDY. Why is she giving you \$100?

Mr. MINIALLY. To help me out, occasionally—to help pay for a new refrigerator here a couple of months ago.

Mr. KENNEDY. That is from your sister?

Mr. MINIALLY. Yes.

Mr. KENNEDY. Over the period of the past 5 years how much money have you received from your sister?

Mr. MINIALLY. Possibly a couple of thousand dollars.

Mr. KENNEDY. To help you out?

Mr. MINIALLY. Yes.

Mr. KENNEDY. Did that money come from her or did it come from anyone else through her? Did it also come from her?

Mr. MINIALLY. Also come from her.

Mr. KENNEDY. Was it money sent to you through her?

Mr. MINIALLY. Sent to me; no.

Mr. KENNEDY. Was it given to her as a gift to you?

Mr. MINIALLY. It was not given to her at all. It was her money.

Mr. KENNEDY. It was her money?

Mr. MINIALLY. Her money.

Mr. KENNEDY. Do you have any other source of income?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never received any other money?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Now, were the moneys you received from your sister in check or cash?

Mr. MINIALLY. It was usually cash.

Mr. KENNEDY. Have you any other source of income the last 6 years other than what you have stated?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Do you know Mr. Art Erskine?

Mr. MINIALLY. I don't recall anybody by that name.

Mr. KENNEDY. Do you know any Erskine?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. You do not?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Have you ever heard of Mr. Erskine who runs a book?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never have?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Do you know Bud Milletti?

Mr. MINIALLY. There was a Bud Milletti in Portland 4 or 5 years ago that had some kind of place downtown which I never was in.

Mr. KENNEDY. Did you receive any money from Bud Milletti?

Mr. MINIALLY. I certainly did not.

Mr. KENNEDY. Never received anything from him?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never at any time received any money from Mr. Milletti?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Have you ever been out to the Columbia Edgewater Golf Club? Would you think carefully in your answers now?

Mr. MINIALLY. I certainly will. I used to go in the club, the Edgewater Golf Club, 10 or 15 years ago, when I was a uniform officer on patrol and I have not been in the club, the Columbia Edgewater Golf Club, since that time.

Mr. KENNEDY. Did they ever have any slot machines at that club?

Mr. MINIALLY. They did.

Mr. KENNEDY. Did you ever have any conversations with anybody from that club about the slot machines?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never did?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. These slot machines were allowed to continue there?

Mr. MINIALLY. No, sir. Would you like me to explain?

Mr. KENNEDY. I will ask the questions.

Were they allowed to continue there?

Mr. MINIALLY. No, we raided them.

Mr. KENNEDY. You closed them up?

Mr. MINIALLY. Never closed the golf club; no, sir.

Mr. KENNEDY. What did you do?

Mr. MINIALLY. I think it was July 2, 1950, I personally visited the Alderwood Country Club, the Riverside Golf Club, and Columbia Country Club on a Thursday, July 3. I returned to the county courthouse and I signed search warrants for all three clubs, possession of illegal slot machines. I returned to the courthouse and got possibly 9 or 10 men together and raided all 3 clubs.

We seized machines out of Riverside Club and Alderwood Country Club. Alderwood is the club that I personally went through. And the Columbia Country Club apparently got word of the raid and they moved their machines before the officers arrived there.

Mr. KENNEDY. They got word from someone?

Mr. MINIALLY. Apparently.

Mr. KENNEDY. That the raid was going to take place?

Mr. MINIALLY. Apparently.

Mr. KENNEDY. And there weren't any machines there?

Mr. MINIALLY. That is right.

Mr. KENNEDY. Then what happened?

Mr. MINIALLY. The machines were seized at Alderwood and Riverside.

Mr. KENNEDY. They were never seized from Columbia?

Mr. MINIALLY. Columbia Country Club. The last time I checked with the Federal Bureau of Stamps and Internal Revenue there were no machines.

Mr. KENNEDY. Did you go out there another week or 2 weeks to find out if they had machines there?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never bothered to find out after that?

Mr. MINIALLY. I personally did not; no sir.

Mr. KENNEDY. Did you make arrangements so somebody would find out?

Mr. MINIALLY. That is a very hard club to get into. That is a membership club and you don't walk in there.

Mr. KENNEDY. You knew they had machines. Did you make arrangements to have another raid up there?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you know Mr. Eddie Hogan?

Mr. MINIALLY. I met an Eddie Hogan about 5 years ago that was a pro at the Riverside Country Club.

Mr. KENNEDY. Did you meet Mr. Eddie Hogan when he was connected with the Columbia Country Club?

Mr. MINIALLY. Never did. I never knew he was associated with that club.

Mr. KENNEDY. You met him when connected with what club?

Mr. MINIALLY. Riverside.

Mr. KENNEDY. Did you ever have any discussions with him about slot machines?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you ever have any discussions with him?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Ever receive any moneys from him?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never at any time?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you ever receive any money from the Columbia Golf Club?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never received \$1,500 from them?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. What about the other club that you mentioned; what are the other two clubs?

Mr. MINIALLY. Alderwood and Riverside.

Mr. KENNEDY. Did you ever receive any money from Riverside?

Mr. MINIALLY. I never received money from any club or anyone else.

Mr. KENNEDY. What is your answer?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Did you ever receive any money from anyone at the Riverside Club?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. When you went down to Laredo, Tex., did you receive any money before you went down there?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. Whom did you receive the money from?

Mr. MINIALLY. Mr. Langley, district attorney gave me a district attorney's check for \$450.

Mr. KENNEDY. Was there an indictment against these girls at the time?

Mr. MINIALLY. It is my understanding they were returned on an extradition matter.

Mr. KENNEDY. Could you answer the question? Was there an indictment outstanding against them at the time?

Mr. MINIALLY. Not to my knowledge.

Mr. KENNEDY. Have you ever gone out of a State when there has not been an indictment to get witnesses, to bring witnesses back when there has not been an indictment?

Mr. MINIALLY. I don't recall.

Mr. KENNEDY. Can you recall you ever did anything like this before?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. You cannot recall any other instance?

Mr. MINIALLY. No.

Mr. KENNEDY. When they were brought back to Portland did they receive a hearing?

Mr. MINIALLY. Not to my knowledge.

Mr. KENNEDY. I don't understand, when you are so interested in going down there and getting them for this burglary and brought them all the way back there, why they didn't get a hearing.

Mr. MINIALLY. I am a detective under orders. I do what I am told to the best of my ability. I am not running the district attorney's office. That is their job.

Mr. KENNEDY. Did that seem unusual to you?

Mr. MINIALLY. Yes; I think anyone should be entitled to a hearing in a very short time after incarceration.

Mr. KENNEDY. You went all the way down there on an important matter, it must have been important, it was an unusual circumstance that you went down there in the first place. You brought them all the way up to Portland and lowered their bond from \$5,000 to \$1,000.

Mr. MINIALLY. I had nothing to do with lowering the bond.

Mr. KENNEDY. You went down there. You made the arrangements to bring them up.

Why didn't they take further action against them if they felt they were guilty of this robbery or burglary?

Mr. MINIALLY. That is not my position, Mr. Kennedy.

Mr. KENNEDY. Tell me this: Do you usually make arrangements for witnesses to go on television?

Mr. MINIALLY. That is the first time I was ever on television in my life.

Mr. KENNEDY. Did you usually make arrangements for witnesses to go on television?

Mr. MINIALLY. I never requested anything like that before.

Mr. KENNEDY. Do you ordinarily take people out of a jail to send them up?

Mr. MINIALLY. They weren't in jail.

Mr. KENNEDY. They were not?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. But they were in Portland and they were under your custody.

Mr. MINIALLY. They were out on bail.

Mr. KENNEDY. Do you usually make arrangements for people out on bail to go on television?

Mr. MINIALLY. That was the first occasion I have ever had of any such situation.

Mr. KENNEDY. You went on television yourself?

Mr. MINIALLY. Yes, sir; I was told to go up there by the sheriff.

Mr. KENNEDY. Who was the sheriff?

Mr. MINIALLY. Sheriff Langley.

Mr. KENNEDY. Did you receive any moneys for going on television?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Didn't receive anything?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. These two girls testified you advised them to stay away from the committee when we were trying to locate them. Do you say that is untrue?

Mr. MINIALLY. That is untrue because I never understood that the committee ever wanted them.

Mr. KENNEDY. You didn't know that we were looking for them?

Mr. MINIALLY. I don't see how you could be looking for them and not find them. They were in Portland.

Mr. KENNEDY. Let me ask again: You say you never understood that we were looking for them?

Mr. MINIALLY. That is correct.

Mr. KENNEDY. Could I have that statement?

Senator GOLDWATER. While you are getting that, may I ask a question?

You are a deputy sheriff; is that correct?

Mr. MINIALLY. Yes, sir.

Senator GOLDWATER. Is that a full-time job?



Mr. MINIALLY. That is a full-time job. I am in civil service. I have been there 27 years.

Mr. KENNEDY. Here is a statement that she made—Kathaleen Weeks—and you were present and your wife was present.

I read from page 4:

She called me at a friend's house—

that is Mrs. Clark—

and told me that Raymond Clark had just called her from Washington, D. C., and they got word I had given a statement. Mr. Schrunk had said I had given a statement. She wanted me to call Mr. Robert Kennedy in Washington, D. C., at National 8-3120, extension 1653 or extension 1652—

You say you never knew about that?

Mr. MINIALLY. I knew about that phone call. I have my notes here the day she gave them to me from the notes she had in her pocket.

Mr. KENNEDY. Just answer the question. You knew we were looking for her?

Mr. MINIALLY. My understanding is you wanted to talk to her on the phone.

Mr. KENNEDY. You knew that we were looking for her?

Mr. MINIALLY. If you were looking for her—they were before the grand jury 3 or 4 times in the past 3 weeks.

Mr. KENNEDY. You knew we were looking for her while this committee was in session, did you not? You stated earlier that you did not know that. Now, do you want to correct your testimony?

Mr. MINIALLY. I still say that I understood they were to call you at your office in Washington. That is all I knew.

Mr. KENNEDY. Then you knew we were looking for her?

Mr. MINIALLY. That is my answer.

Mr. KENNEDY. You knew we were looking for her. Do you want to correct your testimony?

Mr. MINIALLY. No, I don't want to correct my testimony.

Mr. KENNEDY. Even though she made the statement that I wanted her to call?

Mr. MINIALLY. That is correct.

Mr. KENNEDY. Did you make arrangements for her to call? Here is a Government agency trying to locate these girls. You are a deputy sheriff. Didn't you want her to call so that she could assist the committee?

Mr. MINIALLY. I didn't make the arrangement.

Mr. KENNEDY. Why didn't you say, "You had better call. The committee is looking for these girls"?

Mr. MINIALLY. They have an attorney to advise them what to do.

Mr. KENNEDY. You just made arrangements for them to go on television?

Mr. MINIALLY. The television man requested me to see if they would come up there. I asked them. They submitted. I drove them from the house they were staying at up to the television station.

Mr. KENNEDY. What I am trying to get at is that the committee of Congress is looking for 2 people and the television station is looking for 2 people—you make arrangements for television, but not for a committee of Congress.

Mr. MINIALLY. That sounds very good, the way you put it, but I didn't know where these girls were after they left Portland.

Mr. KENNEDY. That is not what I am talking about. You knew where they were because you were talking to them. You were talking to them on television.

Mr. MINIALLY. They were at a Portland address at that time. Since then they had left there and gone to Seattle.

Mr. KENNEDY. Let us take it up to March 15. I am talking about when the committee was in session, they stated to you that they were looking for them. You also told them about Mr. Williams.

Here is a statement in here that Mr. Williams, our representative in Portland, was looking for them. You made no arrangements or didn't even encourage them to get in touch with us, but you did encourage them to go on television.

Was there a lawyer present when you had them give this statement? You said they had an attorney so they could go to him. Was the attorney present when they gave this statement?

Mr. MINIALLY. Not that I recall.

Mr. KENNEDY. Didn't you want to make arrangements to make sure they were protected by an attorney, or had an attorney there?

Mr. MINIALLY. There wasn't an attorney present.

Mr. KENNEDY. You said they had an attorney to advise them.

Mr. MINIALLY. I never talked to the lady.

Mr. KENNEDY. That is the testimony you gave before the committee.

Mr. MINIALLY. They had an attorney—Frank Posey.

Mr. KENNEDY. You said they had an attorney to advise them.

Mr. MINIALLY. That is correct. They told me they had an attorney.

Mr. KENNEDY. You said——

The CHAIRMAN. Do you know whether their attorney advised them with regard to this affidavit?

Mr. MINIALLY. No, I don't know anything about that.

The CHAIRMAN. You knew at the time they had an attorney?

Mr. MINIALLY. They told me they had.

The CHAIRMAN. You knew at the time this committee was trying to get in touch with them; is that not correct?

Mr. MINIALLY. I didn't understand that this committee wanted to get in touch with them back here. A telephone call——

The CHAIRMAN. Let me put it this way: get in contact with them.

When you telephone somebody, you expect to get in contact with them. There is no use to split hairs over these words. You knew this committee wanted to contact them. They swore to it right before you. You knew it.

Mr. MINIALLY. They mentioned the telephone.

The CHAIRMAN. Why do you not say you knew it?

Mr. MINIALLY. I had the telephone number written down.

The CHAIRMAN. You knew also they had an attorney; did you not?

Mr. MINIALLY. They told me they had an attorney.

The CHAIRMAN. They told you that?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. You knew this committee was trying to contact them?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. You take them up there and get this affidavit without notifying their attorney, without giving them an opportunity to consult with their attorney, about whether they should give you an affidavit or not, then you arrange to take them before a television station; is not that true?

Mr. MINIALLY. That is true.

The CHAIRMAN. All right.

Mr. KENNEDY. Also, Mr. Chairman, in this statement Miss Weeks said:

I had an appointment to talk to Mr. Williams that night at 7 o'clock and Mr. Williams never kept that appointment.

You knew we were not only trying to get her to call here, but we had a representative out there trying to locate her. You never made arrangements about it at all, did you?

Mr. MINIALLY. I never knew who Mr. Williams was.

The CHAIRMAN. Let us get this straight. You did not want to cooperate with this committee although you were a peace officer and knew this committee wanted to get in touch with these people. That is true; is it not?

Mr. MINIALLY. I wouldn't say so. I would have been willing to come back here.

The CHAIRMAN. They say you advised them not to.

Mr. MINIALLY. That is not true.

The CHAIRMAN. You certainly did not advise them to do it or to try to help this committee, did you?

Mr. MINIALLY. It was not my place to advise them.

The CHAIRMAN. You advised them about this affidavit. You were advising them to give an affidavit?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. You made arrangements for that?

Mr. MINIALLY. Yes, sir.

The CHAIRMAN. You were advising them. Then you advised them to go on television, so you were advising them.

Mr. MINIALLY. I asked them to go on television.

The CHAIRMAN. That is advising, is it not? You asked them to go on television. You asked them to give this affidavit. So you were advising. You knew Mr. Williams was trying to contact them, that they had a date with him, an appointment with him.

You also knew that this committee was trying to reach them by telephone.

Mr. MINIALLY. Mr. McClellan, I don't know why I should advise anybody to meet anybody in Jerrie Clark's house.

The CHAIRMAN. I do not know why you should go out and bring in those folks and bring in an affidavit either, unless you had some personal interest in it, do you?

Mr. MINIALLY. I am interested in law enforcement.

The CHAIRMAN. And isn't this committee trying to find out the abuses that are going on under existing law? Where does your interest begin and where does it stop?

Mr. MINIALLY. That is what I am trying to find out?

The CHAIRMAN. I have not found out. You are here under oath, you can tell us.

Mr. MINIALLY. I am telling you the truth.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You say you are interested in law enforcement?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. With respect to Mr. Bennett, who appeared before this committee and refused to answer questions, when you questioned him there were outstanding indictments against him on prostitution and bootlegging. Did you serve any of those on him?

Mr. MINIALLY. I never contacted Mr. Bennett in the State of Oregon while those indictments were in.

Mr. KENNEDY. Have you ever served any indictments outside of Oregon before?

Mr. MINIALLY. On extradition matters; yes, sir.

Mr. KENNEDY. Answer the question. You have served indictments on people outside the State of Oregon?

Mr. MINIALLY. Only felony indictments.

Mr. KENNEDY. On no misdemeanors?

Mr. MINIALLY. Not that I recall.

Mr. KENNEDY. Could you do it?

Mr. MINIALLY. I could if the governor's office and the attorney's office—

Mr. KENNEDY. Why didn't you serve them on Mr. Bennett?

Mr. MINIALLY. I did serve them.

Mr. KENNEDY. Why didn't you serve them at the time you saw him?

Mr. MINIALLY. Because it was in the State of Washington.

Mr. KENNEDY. You say you could get permission from the governor to serve them, if you were interested in law enforcement and were not interested in just having Mr. Bennett change his testimony.

Mr. MINIALLY. At that time the attorney general's office advised us they would not extradite them and they did not want the warrants served until they came within the jurisdiction of Oregon.

Mr. KENNEDY. Who advised you that they did not want these affidavits, or warrants, served on Mr. Bennett?

Mr. MINIALLY. Terry Schrunk through the attorney general.

Mr. KENNEDY. Terry Schrunk was with you when you saw him?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. He had been advised not to serve those warrants on Mr. Bennett?

Mr. MINIALLY. According to the information I have.

Mr. KENNEDY. Now, he told you that?

Mr. MINIALLY. He did.

Mr. KENNEDY. He said not to serve the warrants on Mr. Bennett?

Mr. MINIALLY. Not until he came within the jurisdiction of the State of Oregon and when the attorney general advised us they would extradite I immediately called Great Falls, Mont., where this Mr. Bennett was located, and ordered him arrested immediately.

Bennett apparently got the word that he was going to be arrested and appeared in Portland 3 days later and I arrested him, served the indictment, fingerprinted him, booked him, and he went out on bail.

Mr. KENNEDY. All the indictments were served at that time?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. The ones on prosecution?

Mr. MINIALLY. The 3 in our file, there was \$500 bail on each one.

Mr. KENNEDY. They were all served the first time they came in the Portland, Oreg.—

Mr. MINIALLY. Yes; right.

Mr. KENNEDY. You say the reason you did not serve them at an earlier is you received instructions not to do so?

Mr. MINIALLY. That the attorney general's office would not extradite.

Mr. KENNEDY. You got an affidavit from Bennett when you were up in Vancouver; is that right?

Mr. MINIALLY. That is correct.

Mr. KENNEDY. What was that affidavit on, that Mayor Schrunk had not been involved in the 8212 raid?

Mr. MINIALLY. There wasn't any raid, but the affidavit was about that there was no payoff or bribe is the story.

Mr. KENNEDY. This was while Bennett was under indictment in the State, is that right, for prostitution and bootlegging that you went up and met him in Vancouver?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. And they were not served at that time?

Mr. MINIALLY. Not in Washington. We had to have a warrant issued in the State of Washington.

Mr. KENNEDY. Did you try to get him to go back at that time to Oregon so you could serve the warrants?

Mr. MINIALLY. Yes; I have asked many, many times.

Mr. KENNEDY. And he would not come?

Mr. MINIALLY. No.

Mr. KENNEDY. When did he finally surrender?

Mr. MINIALLY. The reason I don't have much data here is because the attorney general's office seized every file we had in the sheriff's office, but I have a letter here dated December 30, 1956, when I served the three warrants.

Mr. KENNEDY. That was the date you served it?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. What was the date?

Mr. MINIALLY. December 30, 1956.

Mr. KENNEDY. What were those warrants for?

Mr. MINIALLY. I don't remember the exact terms, but I believe it was for operating a gambling establishment.

Mr. KENNEDY. What about the prostitution warrant?

Mr. MINIALLY. I didn't have any prostitution warrants.

Mr. KENNEDY. I asked you this earlier: Didn't you know if there were warrants outstanding against him for prostitution?

Mr. MINIALLY. No, sir; I learned that later.

Mr. KENNEDY. You didn't know at that time?

Mr. MINIALLY. I learned that later, after he returned to Great Falls, Mont. The State police told me that.

Mr. KENNEDY. You never knew that before?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Those warrants were served on him when he came back to Portland?

Mr. MINIALLY. Yes, sir.

Mr. KENNEDY. The first time?

Mr. MINIALLY. Not the first time. He was in a local hotel there and I didn't know anything about that.

Mr. KENNEDY. Hadn't the State police put out a bulletin on that that was in the sheriff's office?

Mr. MINIALLY. Not that I recall. They knew he was in Great Falls, Mont. In fact, they were the ones—

Mr. KENNEDY. Didn't you assure Bennett that if he came back you would not serve that warrant?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. You never gave him any kind of assurance such as that?

Mr. MINIALLY. No, sir. If I have a warrant, I serve it.

Mr. KENNEDY. You just say you didn't know about that warrant even though the State police had sent out this bulletin.

Mr. MINIALLY. I never did see any bulletin. By word of mouth from one of the State police officers he had a warrant from Oregon that he wished to serve on Bennett again.

Mr. KENNEDY. Mr. Sutter, who is a police officer, had originally stated that Mayor Schrunk had picked up this package; isn't that correct?

Mr. MINIALLY. That is correct.

Mr. KENNEDY. Now, did you talk to him after he made that statement?

Mr. MINIALLY. Yes, sir; I did.

Mr. KENNEDY. Were you the one partially responsible for having him change that and say he did not know whether it was Mayor Schrunk or not that picked the package up?

Mr. MINIALLY. I had nothing to do with his giving the statement other than he contacted me, he called me on my home telephone and said he wished to meet me.

I had never seen the boy in my life. I met the lad. He started telling me he made a great mistake, he told a story of something he thought he saw, but he didn't see.

Now, he realized he didn't see anything.

Mr. KENNEDY. I don't think so.

Mr. MINIALLY. I am telling what he told me. I don't know what he has in the statement.

Mr. KENNEDY. He says in the statement he saw somebody pick up the package, but he doesn't know if it was Mayor Schrunk.

Have you been suspended at all?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. Never been suspended?

Mr. MINIALLY. No, sir.

Mr. KENNEDY. You were not suspended after you went on television?

Mr. MINIALLY. I got 5 days by the sheriff.

Mr. KENNEDY. I thought you said the sheriff told you to go on.

Mr. MINIALLY. That is not what he suspended me for. It was statements in local papers that I had no control of. It was quoting things which were untrue, but he never discussed it with me.

Mr. KENNEDY. You say the sheriff ordered you to go on television?

Mr. MINIALLY. Yes, sir; he told me to talk to a man in his office, Rommy Dobson, who is now at channel 8, KVVW, a local television station there, and to go with him and appear for him and tell anything I knew regarding this 8212 Club in Kenton.

Mr. KENNEDY. You were suspended shortly after that?

Mr. MINIELLY. Shortly after that. There were a half dozen newspaper articles by two different local papers. There were statements in there that I had nothing to do with, no control over. He suspended me for that reason, as he quoted, issuance of press articles without consulting the sheriff, or words to that effect.

The CHAIRMAN. Mr. Minielly, have you told the committee now, have you given to it all of the information that you have and that you had in mind that the committee should have when you wrote the letter on March 9, 1957, to me?

Mr. MINIELLY. I believe we have covered everything pretty well, sir.

The CHAIRMAN. Your testimony you have given here today is what you wanted to give when you wrote the letter?

Mr. MINIELLY. Yes, when I wrote the letter I had reference to these two signed sworn statements that have now been turned about-face.

So I think we have pretty well discussed everything.

The CHAIRMAN. Are there any further questions at this moment?

You will agree, will you, that you have been given fair opportunity to tell anything you knew?

Mr. MINIELLY. Yes, I believe so. I believe so.

The CHAIRMAN. All right.

Mr. MINIELLY. Mr. Chairman, I spoke to Mr. Kennedy about it. I am on Federal subpoena and supposed to be in Federal court in Oregon tomorrow, in Judge Mears' court, which is Thursday. What is your judgment on that?

The CHAIRMAN. Well, we are going to try to accommodate you. I am not going to release you immediately from further attendance here. This testimony is of such a nature that you will agree, and everyone present knows that obviously perjury has been committed by someone here this morning.

Mr. MINIELLY. I agree with you. As I sat back there I was amazed—

The CHAIRMAN. Just a moment.

Therefore, before I release you—and I will do so in time for you to return—I want to have an opportunity for the staff to check on one or two things that are involved here so that we may interrogate you about them if we need to before you leave this afternoon.

So I am going to ask you to stand by for the present and just as soon as I can make a determination I will so advise you.

Keep in touch with the staff. We will do all we can to accommodate you so that you can get back.

The Chair might make this further statement: It was implied, I think, in the statement I made at the beginning of the hearing this morning, these witnesses who would appear here, these women particularly who appeared here this morning—and I think it also applies to you, Mr. Minielly—are witnesses upon whom Mayor Schrunk and Mr. Crosby wanted this committee to rely, upon the basis of affidavits and that the statements that you folks had procured from them.

Now, we have brought them here. We probably would never have been in this enigma except that the sheriff, Mayor Schrunk and Mr. Crosby brought their names into it and brought these affidavits here for the purpose of boosting and corroborating their own testimony.

We have brought them here actually as witnesses for them to see if they would verify these affidavits or see if they had some explanation of why they had given them.

They have given their testimony now under oath here before this committee. If they have told the truth, someone is guilty of subordination of perjury. There can be no doubt about that.

If they have told the truth, then someone else has committed perjury today.

If they have not told the truth, then they have committed perjury.

Under a situation like that the committee has no alternative except to submit this transcript to the Justice Department with the request—and I am going to request it because I am getting a little bit tired of this committee being imposed upon by liars—to the Justice Department to pursue it and try to ascertain and determine who has been guilty of perjury or subordination of perjury and to take appropriate action on the basis of their determination.

I want to be patient. When we get witnesses up here and swear them, it is a solemn obligation they have to tell the truth. If they do not want to talk they can take the fifth amendment, of course, but if they do talk we have a right to expect them to tell the truth.

Before we recess subject to call this afternoon, I want to say to the women who testified and say for the record that if anyone undertakes to threaten or intimidate or coerce them, I want them to promptly notify this committee. We will afford all witnesses who come before this committee all the protection within our power.

That applies, of course, to you, or to any other witness, but I do take occasion to remind witnesses of it, that we expect them to come here and feel free to testify without prospect of any reprisals or harm being done to them after they have testified.

Is there anything further, Mr. Counsel?

Mr. KENNEDY. No, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess subject to being called back sometime this afternoon.

The present witness will keep in touch with the chief counsel of the committee so that we can determine whether any further testimony is needed from him.

(Thereupon, at 12:20 p. m., the committee was recessed, to reconvene subject to call of the Chair.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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WEDNESDAY, MAY 8, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 2 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Pat McNamara, Democrat, Michigan; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the hearing were Senators McClellan, Ives, Kennedy, and Goldwater.)

The CHAIRMAN. We are resuming hearings today into an important phase of this committee's continuing investigation of improper activities in labor and management.

In this series of hearings, the committee intends to present evidence giving further information on the improper activities of Mr. Dave Beck, general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America.

The improper activities of Mr. Beck to be discussed at this hearing take two forms. First, the improper use of union funds which was his duty to administer on behalf of, and for, the betterment of the membership of his union.

Second, the improper use of the power which the membership of the International Brotherhood of Teamsters placed in Mr. Beck's hands by making him the general president.

Our hearings will develop some information on the first point, but a great deal of the information bears directly to the second point. The chairman feels very strongly that conflict of interest is as improper when practiced by a labor official as when it involves a Government official. In either case, the misuse of power and position for personal aggrandizement is a breach of moral trust.

We agree wholeheartedly with the ethical practices committee of the AFL-CIO that no union leader should use his position of trust for financial or personal gain.

Finally, in the series of hearings beginning today, we will not only go into the improper practices of a labor union leader, but also of certain businessmen who are willing, for the sake of a few dollars, to make "deals" of a highly improper nature.

Is there any statement any member of the committee cares to make before we proceed?

Mr. Beck, will you be sworn, please, sir?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BECK. I do.

### TESTIMONY OF DAVE BECK, ACCOMPANIED BY HIS COUNSEL, EDWARD BENNETT WILLIAMS

The CHAIRMAN. Mr. Beck, you are appearing before the committee under a continuing subpoena that was issued and served on you. You are returning to resume testimony that the committee may desire with respect to the subject matter that it is established to inquire into.

I believe your last appearance before the committee was on the 27th of March. At that time you had counsel present with you and today the Chair observes that you have different counsel.

You still desire counsel, I assume?

Mr. BECK. Yes, sir.

The CHAIRMAN. Counsel, will you please identify yourself for the record?

Mr. WILLIAMS. My name is Edward Bennett Williams, of Washington, D. C., Mr. Chairman.

Before the interrogation begins, Mr. Chairman, I have a request that I would like to make of the committee whenever you deem it appropriate for me to be heard.

The CHAIRMAN. All right, the Chair will hear your request now, Mr. Williams.

Mr. WILLIAMS. Mr. Chairman, I want to say at the outset that I have great respect for this committee as an arm of the United States Senate and for the members who compose it.

If what I say differs in any respect from your views or predilections in the matter, I want you to know that it is against a backdrop of respect and deference for the committee.

On May 2 of this year, this witness was indicted by a Federal grand jury, sitting in the western district of Washington, for income-tax evasion. That indictment is now pending at this moment, and trial date has not yet been set, but an early trial is expected.

I have canvassed the situation very carefully in the last few days since Mr. Beck retained me, and I want to call to the attention of the committee that it is my belief and conviction that never before has a witness been called before a congressional committee who has been under indictment and interrogated about matters which can be possibly germane to the indictment.

Now, if Mr. Beck is interrogated today about any financial transaction whatsoever, or tomorrow, or whenever the committee may re-

call him, those financial transactions must of necessity be relevant and germane to the indictment in Washington, because the tax case out there, Mr. Chairman, was made on a net worth basis, and there may be income which is prorated back over the years to the year 1950 which is the taxable year in question.

Now, in the light of that fact, Mr. Chairman, I am going to formally request that the appearance of this witness be deferred until such time as that tax case is adjudicated, because he finds himself at this moment spiked on the horns of a dilemma.

If he answers questions about financial transactions, he is, in effect giving the Government a pretrial discovery deposition before his trial. He is giving them the benefit of all of the evidence that may be relevant to his defense.

On the other hand, if he seeks refuge in the fifth amendment, under recent decisions, that fact can be shown against him when and if he takes the stand in his tax case in Washington.

Now, I think that I should call this to the attention of the committee at the very outset. I think the Government must make an educated choice here. It must decide whether the tax case is more important or whether this hearing of this witness is important.

Because, under the decisions, especially in the Delaney case in the first circuit, where there was a comparable situation, the first circuit court of appeals reversed the conviction against Delaney and held that the Government could not at once proceed in the judicial system by indictment and at the same time hold open hearings on matters relevant to the indictment.

In the Delaney case, I hasten to call your attention to the fact, Mr. Chairman, Delaney was not called before the King committee, but witnesses were called after his indictment concerning financial transactions.

I say these things so that the committee will understand the position we are taking, because I think candor requires me to say that I propose to recommend to counsel who handles the tax case in the Federal district court in Washington that full exploitation be made of the defendant's rights under the Delaney decision.

Secondly, I must say to you, Mr. Chairman, that if you do not defer this hearing that I must advise this witness to refuse to answer any questions, on the basis of the fifth amendment, which I deem to be relevant in any way to the matter pending in the Federal district court in Washington.

My formal request, Mr. Chairman, is that you defer his appearance until such time as his tax matter is adjudicated.

I respectfully suggest, to you, Mr. Chairman, that it is probably a matter that the full committee should pass upon, and I would like to ask the Chair whether or not there is presently a validly constituted committee. Has the late Senator McCarthy been replaced?

I understand that this resolution requires that this committee be bipartisan and it have 4 Democrats and 4 Republicans on it. I think the resolution is quite clear on that. I seek a point of information as to whether or not the late Senator McCarthy has been replaced.

The CHAIRMAN. As far as I know, unless there has been some action taken on the floor this afternoon, he has not been replaced.

Mr. WILLIAMS. Then, we have a question whether we have a validly constituted committee, because the resolution, as I read it, is very clear

that the committee must be bipartisan, and that it must contain 4 Democrats and 4 Republicans, and as it is now constituted it contains only 3 Republicans.

The CHAIRMAN. The Chair will make this observation: It is not expected this afternoon to go into Mr. Beck's testimony or further testimony at any great length. But I did want, before I proceeded with the hearings to interrogate him about one matter.

The request you have made of the committee will be considered by the full committee and we will advise whether we will continue to hear Mr. Beck or not after the full committee has discussed it and taken action thereon.

I will say, however, for your information, it is not our intention and not the purpose of the committee to interrogate Mr. Beck regarding his financial transactions for which he has been indicted. We did not expect to go into that matter.

Is there anything further?

Mr. KENNEDY. Could I just ask the counsel one question, since you brought up the question of the Delaney case, as to what was the result in the Delaney matter, and what happened to Mr. Delaney?

Mr. WILLIAMS. The result was that by virtue of the fact that the King committee conducted hearings after Mr. Delaney had been indicted, in a situation where they did not call Mr. Delaney, but called other witnesses concerning matters relevant to the indictment, the Circuit Court of Appeals reversed the conviction on the ground that his rights had been violated under the Constitution of the United States.

What I am saying, Mr. Kennedy—

Mr. KENNEDY. Was that the end of the case?

Mr. WILLIAMS. If you will let me finish, sir, I propose to recommend to counsel who do handle this tax case, that they pursue that course, if the witness' testimony is not deferred.

Mr. KENNEDY. Could you answer my question as to what happened to Mr. Delaney?

Mr. WILLIAMS. Mr. Delaney went back and had a new trial.

Mr. KENNEDY. What happened then?

Mr. WILLIAMS. Against a backdrop of where he had not been prejudiced by simultaneous congressional hearings going on, he was convicted.

Mr. KENNEDY. Thank you.

The CHAIRMAN. We will proceed for the moment.

Mr. Beck, I believe you last appeared before this committee on the 27th day of March, is that correct?

Mr. BECK. I personally do not know whether it was the 27th or 26th.

The CHAIRMAN. I think the record reflects that. Some time afterward, the press reported a statement alleged to have been made by you giving some explanation for why you did not testify freely and frankly before the committee at the time you appeared here.

The press quoted you as saying, that if you had talked that you would have "blown the lid right off the Senate," and said you did not talk and were taking the rap in order to protect a lot of fine people that would be embarrassed if you did.

(At this point Senator Mundt entered the hearing room.)

The CHAIRMAN. Did you make a statement like that or in substance to that effect?

(The witness consulted with his counsel.)

Mr. BECK. I decline to answer this question on the grounds that the answer may tend to incriminate me.

The CHAIRMAN. Mr. Beck, the Chair and the committee felt that if you had made such a statement that it would be quite proper to recall you and give you an opportunity to talk. I do not think the committee is impressed very much that you can blow the lid off the Senate and I felt that since you had given such a statement to the press, if you have, that you should have an opportunity to talk again.

(The witness conferred with his counsel.)

The CHAIRMAN. Do you desire to answer whether you made the statement or not?

Mr. BECK. I decline to answer.

The CHAIRMAN. All right. Now, do you understand that the Chair and the committee are giving you the opportunity to make any statement that you care to that might embarrass some mighty fine people, as you referred to them, or blow the lid off the Senate?

Do you understand and you recognize that that opportunity is now being given to you?

(The witness conferred with his counsel.)

Mr. BECK. Yes, I understand that.

The CHAIRMAN. Thank you very much. You decline to take advantage of it or make use of it?

Mr. WILLIAMS. Mr. Chairman—

The CHAIRMAN. I am going to close it in just one moment.

Mr. WILLIAMS. I would like to say one word, if I may, sir. I don't see the relevance of this question to any legislative purpose that this committee may be pursuing. It is difficult to advise the witness. The last time that the witness appeared here—

The CHAIRMAN. Just a moment. When I speak, I expect you to cease.

Mr. WILLIAMS. I didn't understand you were interrupting, sir.

The CHAIRMAN. It is very easy for someone to come up here and appear before this committee under oath and testify and take the fifth amendment 117 times, and then walk out and virtually insult the whole United States Senate or reflect upon them, by making statements to the press that if he had talked he would embarrass a lot of fine people and possibly blown the lid right off the Senate.

That is not very easy for the Senate of the United States to take. I think that he should be given the opportunity, and that is what I am doing. He indicated, or the whole impression of his statement was that he had a lot of information that this committee might be interested in and I am giving him the opportunity now to spill it.

Mr. WILLIAMS. He has declined the opportunity, as I understand his answer, Mr. Chairman.

Senator GOLDWATER. I might remind the chairman of a similar instance that occurred during our hearings on the lobbying and campaign committee, when a Mr. Guy Nunn, also of the labor movement, made a charge over television and radio in Detroit—something to the effect that that it was a known fact that Senators are being bought by the bushel.

So, Senator McClellan invited Mr. Nunn down before the committee to name these gentlemen who were involved in the bushel. During the course of testimony under oath, Mr. Nunn admitted that he was

not using the whole cloth or anything near it when he made that statement.

Now, I think Mr. Beck has made a statement of similar seriousness. If the cloud that he has created over the Senate is allowed to hang, I think he can do irreparable harm to the reputation of the Senate; and in doing so and taking the action that he is taking now, do additional harm to himself.

I urge Mr. Beck to reconsider his stand. If he has evidence of wrongdoings in the United States Senate, I think it is incumbent upon him as a United States citizen to tell us what they are, and if he can lift the lid or blow it off, let him start blowing.

The CHAIRMAN. Is there anything further?

Mr. Beck, on April 15, 1957, the Chair directed a telegram to you in which I stated, "We are trying to locate Mr. Fred Verschueren, Sr., and would appreciate your so informing him and also notifying me where he can be reached."

Did you receive the wire?

(The witness conferred with his counsel.)

Mr. BECK. I have to decline to answer that question, Mr. Chairman.

The CHAIRMAN. Mr. Verschueren is related to you in some way?

(The witness conferred with his counsel.)

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. Is he employed by the teamsters union?

(The witness conferred with his counsel.)

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. Is he not the auditor for the International Teamsters Union?

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. You are not interested then, in helping the committee locate him?

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. Who is Mr. Joseph McEvoy? Is he related to you?

(The witness conferred with his counsel.)

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. Do you know where he is?

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. How about Norman Gessert; do you know him?

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. Is he related to you?

Mr. BECK. I must decline to answer the question.

The CHAIRMAN. I see a name here we have been trying to locate—a Mr. Dave Beck, Jr. Would you know him?

Mr. BECK. I must decline to answer the question.

(At this point Senator McNamara entered the room.)

Senator MUNDT. I would like to know on what grounds Mr. Dave Beck, Sr., declines to answer whether he knows who Dave Beck, Jr., is. I would like to have a full recital of the grounds for refusing to answer; that is, from Mr. Beck.

Mr. WILLIAMS. I will be glad to help you on that.

Senator MUNDT. By Mr. Beck, please.

Mr. BECK. I decline to answer on the advice of my counsel.

Senator MUNDT. That is scarcely adequate for the purposes of our hearing. You may tell us on what grounds your counsel advised you.

Mr. WILLIAMS. I will be glad to give you the advice.

Senator MUNDT. From Mr. Beck; I am sorry. You may tell him and he may tell us.

Mr. BECK. The only answer that I have is that I decline to answer on the advice of my counsel.

Senator MUNDT. Mr. Chairman, I suggest that you instruct the witness to answer, if that is the only grounds he has. I am perfectly confident Mr. Dave Beck, Sr., would never take the fifth amendment with regard to Dave Beck, Jr., and so I wondered what ground it would be.

The CHAIRMAN. I will ask the witness these questions and then order him to answer.

Do you know Dave Beck, Jr.?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer the question.

The CHAIRMAN. You are ordered and directed to answer the question.

Mr. BECK. I decline to answer this question on the grounds it might open up avenues of questions that would tend to incriminate me.

The CHAIRMAN. With the permission of the committee and approval of the committee, the Chair orders and directs you to answer the question. You understand that order is being given?

(The witness conferred with his counsel.)

Mr. BECK. My answer is the same, Mr. Chairman.

The CHAIRMAN. Do you honestly and truthfully believe that if you answered the question as to whether you know Dave Beck, Jr., a truthful answer might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. BECK. It might; yes, sir.

The CHAIRMAN. May I ask you another question: Do you know where Dave Beck, Jr., is now and where he can be served with a subpoena to appear before this committee?

Mr. BECK. I decline to answer this question on the same basis.

The CHAIRMAN. You are ordered and directed to answer the question as to the whereabouts of Mr. Dave Beck, Jr.

Mr. BECK. I decline to answer the question for the same reason.

The CHAIRMAN. Are there any further questions?

Let me ask you further: Are not Joseph A. McEvoy and Norman Gessert relatives of yours, or of Mrs. Beck?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer the question.

The CHAIRMAN. You know that the committee is trying to locate them in order to serve a subpoena on them?

Mr. BECK. I decline to answer the question.

The CHAIRMAN. You know that, do you not?

Mr. BECK. I decline to answer the question for the same reason.

The CHAIRMAN. Is there anything further?

When did you last see Fred Verschueren, Sr.?

Mr. BECK. I decline to answer the question for the same reason.

The CHAIRMAN. Is he still in the employ of the teamsters union?

Mr. BECK. I decline to answer the question for the same reason.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question.

Mr. BECK. I decline to answer the question.

The CHAIRMAN. Is there anything further?

Senator MUNDT. Mr. Beck, on January 11 of this year we received a telegram signed by Einar Mohn with the legend, "Acting for the General President." I am sure that you are familiar with the telegram.

That was the telegram advising all of the vice presidents of the teamsters union that the Senate Permanent Subcommittee on Investigations is conducting an investigation of the teamster activities and labor conditions and it was a long telegram specifically setting out the reasons why the vice presidents were requested not to testify.

If you are not familiar with the telegram, I would be happy to read it all to you, but what I wanted to ask you was whether you individually took any part in making that policy decision.

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer the question for the reasons previously given.

Senator MUNDT. Was not that decision made in Miami when you were present at a meeting of the teamsters officials there?

Mr. BECK. I decline to answer the question for the same reasons.

Senator MUNDT. Could you answer this question: Now that Mr. Brewster, one of the vice presidents, has been before the committee and did testify for 5 days in response to interrogatories propounded by the counsel and by the members of the committee, it appears that the policy of the international has changed. Either that, or Mr. Brewster refused to be bound by it.

I would like to know whether there has been a policy change on the basis of your determinations or whether Mr. Brewster simply decided as a forthright American to answer questions despite the rule of censure you tried to invoke against him.

Mr. BECK. I decline to answer the question for the same reasons.

Senator MUNDT. Does the international teamsters high command have an established policy which governs your behavior before this committee, and determines whether or not you will answer questions or whether you will not?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer the question for the same reasons.

Senator MUNDT. That is all.

Senator KENNEDY. Mr. Chairman, may I ask a question. As to Dave Beck, Jr., and Norman Gessert and Joe McEvoy, all related to you, is it on your advice that they refused to make themselves available for a summons?

Mr. BECK. I decline to answer the question for the same reasons.

Senator KENNEDY. On what ground?

Mr. BECK. On the fifth amendment, possibly incriminating me and questions leading from it.

Senator KENNEDY. They live on your compound, do they not, in houses associated in the same lot with you?

Mr. BECK. I decline to answer the question.

Senator KENNEDY. Now, this committee has been looking for them for some weeks and they are important to the work of the committee. Do you feel any obligation to do your best to make them available to the committee?

Mr. BECK. I decline to answer the question.

Senator KENNEDY. You understand that we are looking into them because we want to get information on what has happened to funds



belonging to the teamsters. It is not altogether your personal funds, but funds belonging to the teamsters, and they have a responsibility in that field, and yet you refuse to participate in making them available to the committee.

Mr. BECK. I decline to answer that question for the same reasons.

Senator KENNEDY. The last point was this, Mr. Chairman: The counsel for Mr. Beck suggested that this was an improperly constituted committee. That is because the position of Senator McCarthy had not been filled.

We have checked with the Parliamentarian, Mr. Watkins, and he says it is a properly constituted committee, even though one member has deceased and all that is necessary to make it properly constituted is that a quorum be present and available to the committee.

Mr. WILLIAMS. We have a disagreement with the Parliamentarian.

The CHAIRMAN. Gentlemen, that issue would have to finally be settled by a court, and the committee is proceeding and if it is in error in proceeding, a court will correct us.

Senator McNAMARA. Mr. Chairman, I did not want to direct a question to the witness particularly, but the line of questioning in the record as put in the record by Senator Mundt deals with two different committees.

The first committee was not the same as this committee.

Senator MUNDT. That is correct.

Senator McNAMARA. I think the line of questioning might be confusing unless the record shows or reflects this situation.

The CHAIRMAN. Senator Mundt referred to the Senate Investigating Subcommittee, and I understood him to say that.

Senator MUNDT. Yes.

Senator McNAMARA. That is right.

Senator MUNDT. I would like to direct, Mr. Chairman, a question for information to the counsel, because I had to set him off and he is a fine and valued friend of mine and I admire him greatly and I seek his counsel now. I understand that you raised the question before I came in as to whether the committee was properly constituted because one of its members had passed away. Was that correct?

Mr. WILLIAMS. Yes, sir; I did, Senator Mundt.

Senator MUNDT. Would it follow in line with your reasoning that the United States Senate as it functions today is also improperly constituted because one of its members passed away?

Mr. WILLIAMS. I think not.

Senator MUNDT. Would you explain the difference, because I am not a lawyer and I do not see it.

Mr. WILLIAMS. When Senate Resolution 74 was passed, it was determined that this committee be a bipartisan committee, consisting of 4 Democrats and 4 Republicans.

Obviously, the Senate had a reason for making it bipartisan because I am sure it did not act without great thought in that matter. By virtue of the death of Senator McCarthy, this no longer is a bipartisan committee.

Senator MUNDT. It still is a bipartisan committee. It is not equally balanced, but it is still bipartisan and I am still a Republican and the chairman is still a Democrat and a tough one.

Mr. WILLIAMS. I am using that nomenclature in this sense: that you have an equal number of the majority and an equal number of

the minority Members of the Senate present on this committee. That is what the resolution provides.

It provides that there be 8 Members and it provides that there shall be 4 Members of the majority and 4 of the minority. I might also say this, Senator, that I think that I should complete this record, Mr. Chairman, if you will give me just one moment.

I did not get an opportunity before, but I have studied the transcript of this witness' past appearance before this committee on March 27, and I find that he was interrogated at great length by the members of the committee concerning many, many transactions in which he was engaged, and to each of the questions he respectfully refused to give an answer, predicating his refusal on a number of grounds.

Toward the end of his appearance, one of the members of the committee addressed the Chair—and I am talking about, I think, page 3143 of the record here—and asked the Chair what purpose it served to continue the interrogation of a witness who was declining to answer on the basis of his constitutional rights.

The Chair at that time said it was because, and this was the only reason for the continuance of this interrogation as expressed by the Chair, and the Chair was careful to say this is the only reason, so that the country might know and so that teamsters might know what kind of a man headed the union.

I do not conceive this to be a valid legislative function. I do not conceive that the committee has the power of exposition or degradation or humiliation or castigation. I conceive that the committee—

The CHAIRMAN. Just one moment. I am not going to go back and rehash the record. The witness had counsel here at that time, and the record is the record. Your talking about it and my talking about it is not going to change it.

The purpose of these hearings was announced in the beginning and the record is replete with the purposes of these hearings. The Senate thought there was good reason to establish this committee and it has established it and the testimony the committee is trying to get is important and it is pertinent to legislative duties and legislative functions.

Our arguing about it is not going to change the record. The record is made.

Are there any further questions?

Senator MUNDT. May I just say that I am disappointed that Mr. Beck has not shown any increased communicability before our committee since his last appearance, but I will say his counsel has.

I would suggest that his counsel try to inject his client with the same stimulus before he comes back again.

The CHAIRMAN. Are there any other questions?

Mr. Beck, you will remain under subpoena subject to call, and we expect to call you again during the course of this series of hearings.

Someone told me you were not feeling very well this afternoon and would like to be excused. As far as the Chair is concerned, you may return to your hotel, just so we know where we can get in touch with you if needed.

Mr. WILLIAMS. Thank you very much, Mr. Chairman.

The CHAIRMAN. You may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Irving J. Levine.

We will have Mr. Stewart Krieger instead of Mr. Levine for the first witness.

The CHAIRMAN. Mr. Krieger, will you come around, please, sir?

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KRIEGER. I do.

### TESTIMONY OF STEWART O. KRIEGER

The CHAIRMAN. Will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. KRIEGER. My name is Stewart Ormsby Krieger, and I live at 16820 45th Northeast, Seattle 55, Wash.

I am comptroller of the Teamsters welfare office in Seattle, and deputy administrator of the Western Conference of Teamsters pension plan.

The CHAIRMAN. Thank you very much, sir.

Have you talked with members of the staff of the committee and know generally the testimony desired from you?

Mr. KRIEGER. Yes, sir; I have.

The CHAIRMAN. You understand the rules of the committee, that you are permitted to have counsel, if you desire, to advise you regarding your legal rights when you testify?

Mr. KRIEGER. Yes, sir; I do.

The CHAIRMAN. You have waived counsel, and I see none present. You do not care to have counsel?

Mr. KRIEGER. Not at this time; no, sir.

The CHAIRMAN. Thank you very much.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Krieger, how long have you been working for the teamsters?

Mr. KRIEGER. Just about 8 years.

Mr. KENNEDY. When did you come to work for them?

Mr. KRIEGER. May 16, 1949.

Mr. KENNEDY. Had you come originally and had Seattle always been your home?

Mr. KRIEGER. No; I came from Olympia, Wash.

Mr. KENNEDY. And you live in Seattle or you have been living in Seattle for how long?

Mr. KRIEGER. Since November 1949.

Mr. KENNEDY. Since November of 1949, but you came to work for the teamsters in May of 1949?

Mr. KRIEGER. Yes.

Mr. KENNEDY. Now, you were hired by whom at that time?

Mr. KRIEGER. By Mr. Dave Beck and Mr. Greer.

Mr. KENNEDY. And Mr. Dave Beck at that time was president of the Western Conference of Teamsters?

Mr. KRIEGER. Yes; he was.

Mr. KENNEDY. And he was 1 of the 2 people responsible for your being hired; was that right?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. And you came to work on May 16, 1949?

Mr. KRIEGER. Yes.

Mr. KENNEDY. Now, when you came to work, what did Mr. Beck describe to you as to what your duties would be?

Mr. KRIEGER. Do you mean when I reported for work, or when I was hired?

Mr. KENNEDY. Prior to that time was there any discussion about what your duties would be?

Mr. KRIEGER. I was to take charge of the accounting in the Seattle office for the health and welfare program of the teamsters.

Mr. KENNEDY. You were going to take charge of the accounting for the health and welfare funds of the teamsters?

Mr. KRIEGER. The program of the teamsters in the Seattle office.

Mr. KENNEDY. That would be in the Western Conference of Teamsters, for the Western Conference of Teamsters?

Mr. KRIEGER. It would be for the local unions comprising the joint council 28, which covers the State of Wisconsin, and which, in turn, is a member of the Western Conference of Teamsters.

Mr. KENNEDY. So you came to work on May 16, 1949. Did you begin on that work at that time?

Mr. KRIEGER. No; I didn't.

Mr. KENNEDY. Did you report to the teamster headquarters?

Mr. KRIEGER. Yes; I did.

Mr. KENNEDY. How much time did you spend at the teamster headquarters then on May 16?

Mr. KRIEGER. I was there for 3 or 4 hours.

Mr. KENNEDY. And then where did you go?

Mr. KRIEGER. I went to a meeting at the Seattle First National Bank, the main offices.

Mr. KENNEDY. Was the meeting at the Seattle First National Bank on the pension and welfare funds of the teamsters?

Mr. KRIEGER. No; it was not.

Mr. KENNEDY. What was it on?

Mr. KRIEGER. It involved the financial affairs of the K. & L. companies.

Mr. KENNEDY. The K. & L. companies. There were two K. & L. companies at that time?

Mr. KRIEGER. Actually there were four corporate entities in the K. & L. enterprises—the K. & L. Distributing Co., K. & L. Beverage Co., Northwest Beverages, Inc., the wholly owned subsidiary of K. & L. Beverages, and L. B. G. Realty Co., Inc.

Mr. KENNEDY. The two that we are primarily concerned with would be the K. & L.; is that right?

Mr. KRIEGER. That is correct.

Mr. KENNEDY. So you went down to a meeting at the Seattle First National Bank and had a meeting on the K. & L. interests; is that right?

Mr. KRIEGER. Yes.

Mr. KENNEDY. They distributed beer and whisky; is that correct?

Mr. KRIEGER. They distributed the beer in Seattle and other places in the State of Washington, and beer and liquor in the Territory of Alaska.

Mr. KENNEDY. Did you understand at that time that Mr. Dave Beck, Sr., had an interest through his son in these companies?

Mr. KRIEGER. Yes; I did.

Mr. KENNEDY. So when you went down to the bank there was no discussion of pension or welfare funds at all?

Mr. KRIEGER. No.

Mr. KENNEDY. For the teamsters?

Mr. KRIEGER. No.

Mr. KENNEDY. After you had this meeting at the Seattle First National Bank did you return to your headquarters at the teamsters?

Mr. KRIEGER. No; I didn't.

Mr. KENNEDY. Where did you go then?

Mr. KRIEGER. I went down to K. & L.

Mr. KENNEDY. You went to the K. & L.?

Mr. KRIEGER. Offices; yes.

Mr. KENNEDY. Did you return shortly, or were you doing teamster work when you were at the K. & L. offices?

Mr. KRIEGER. No; I was not.

Mr. KENNEDY. Did you return shortly to the teamster headquarters and start working on the pension and welfare funds?

Mr. KRIEGER. No.

Mr. KENNEDY. For approximately how long did you remain working at the K. & L. companies' offices?

Mr. KRIEGER. One year and 6½ months.

Mr. KENNEDY. You worked until December of 1950?

Mr. KRIEGER. I believe December 1 I took over the accounting for the welfare offices.

Mr. KENNEDY. Then you left K. & L. and returned to the teamsters?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. So from May 16, 1949, to December 1, 1950, during that whole period of time, you were working on K. & L. business which was beer and liquor business?

Mr. KRIEGER. With minor exceptions; yes.

Mr. KENNEDY. With minor exceptions?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. During this period of time, were you paid by the teamsters, or were you paid by the K. & L. Co.?

Mr. KRIEGER. I was paid by the Western Conference of Teamsters.

Mr. KENNEDY. You were paid by the Western Conference of Teamsters?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. Is that right?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. And virtually all of your time and efforts were devoted to this K. & L. Co.; is that right?

Mr. KRIEGER. Virtually all of my time; yes, sir.

Mr. KENNEDY. With a few minor exceptions, or maybe 10 or 15 days that you did work, or 15 or 20 days that you did work?

Mr. KRIEGER. In that neighborhood; yes.

Mr. KENNEDY. But otherwise, you spent all of your time working on this beer and liquor company?

Mr. KRIEGER. Yes, sir.

Senator McNAMARA. Which fund was he paid from? Was it a trust fund or the regular fund?

Mr. KENNEDY. What fund were you paid from?

Mr. KRIEGER. I don't know; my check was a white check written on the Western Conference of Teamsters, and I didn't even know, nor do I know now, that they have a couple of funds under that name.

Mr. KENNEDY. Senator McNamara, for his salary, which amounted to \$14,340, he was paid by the Western Conference of Teamsters. The salary was \$12,025, which came out of the Western Conference of Teamsters.

Senator McNAMARA. And apparently not out of the trust fund. That was the particular thing that I wanted to know.

Senator IVES. I would like to ask the witness who, in his absence, was taking care of the work you were supposed to be doing with respect to trust funds?

Mr. KRIEGER. The health and welfare program at that time was in its formative stages. Actually it did not become active, that is, to where the program was fully in effect, until June 1, 1950.

From June 1, 1950, until December 1, 1950, one of the girls in the office kept the records.

Senator IVES. I would have thought during its formative stage it would have needed some attention. A fund like that usually has to be followed and followed carefully when it is started.

Mr. KRIEGER. Yes. After taking over the records on December 1, 1950, I went back to the beginning of the health and welfare work and placed all that had gone before onto a set of standard accounting records.

Senator IVES. During that period when you were working for K. & L., nobody was attending to the trust funds at all; is that it?

Mr. KRIEGER. A girl was keeping the records.

Senator IVES. But she was just keeping records and nobody was attending to the fund; is that right?

Mr. KRIEGER. She was keeping memorandum records of the money that came in, and depositing the money in the bank, and carrying on what was necessary.

Senator IVES. How large was this fund in the meantime?

Mr. KRIEGER. I believe between June 1 and December 1, something like \$62,000 or \$82,000 had come in on the health and welfare program, but I wouldn't want to be held to those figures, because the records, of course, would speak for themselves.

Senator IVES. No money was invested during that period of time?

Mr. KRIEGER. Those moneys are not invested. They are used to purchase insurance.

Senator IVES. But no insurance was being purchased.

Mr. KRIEGER. Insurance was purchased all during that time.

Senator IVES. You had already arranged that before you took over that?

Mr. KRIEGER. I had not arranged it.

Senator IVES. Who arranged that?

Mr. KRIEGER. As far as I know, it was arranged through Mr. Morganstern, the broker, and Mr. Greer, the administrator.

Senator IVES. You were operating in a capacity where you were supposed to do nothing; is that it?

Mr. KRIEGER. I was quite busy during that time.

Senator IVES. I gather you were, but not on that particular work.

Mr. KRIEGER. That is correct, sir.

Mr. KENNEDY. Now, during this period of time, did you also make some trips?

Mr. KRIEGER. Yes; I did.

Mr. KENNEDY. From May 1949 to December 1950 you took some trips. Now, did you go to Alaska?

Mr. KRIEGER. Yes.

Mr. KENNEDY. Was that trip up to Alaska for the Western Conference of Teamsters or for the teamsters?

Mr. KRIEGER. No; it was not.

Mr. KENNEDY. That was for, again, the K. & L. companies.

Mr. KRIEGER. Yes.

Mr. KENNEDY. Your expenses up to Alaska and through Alaska, were they paid by the teamsters or were they paid by the K. & L. companies?

Mr. KRIEGER. Referring to my traveling, and the maintenance when I was there?

Mr. KENNEDY. Yes.

Mr. KRIEGER. They were paid by me, and I was reimbursed by the teamsters.

Mr. KENNEDY. By the teamsters?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. So the teamsters paid for your trip up through Alaska while you were doing K. & L. business; is that right?

Mr. KRIEGER. That is correct.

Mr. KENNEDY. The trip started on May 14, 1950, and lasted through June 23, 1950; is that correct?

Mr. KRIEGER. I believe those are the correct dates, and I may be off a day or so.

Mr. KENNEDY. During that period of time, not only were your expenses paid by the teamsters, but also your salary was paid by the teamsters?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. What were your duties and what were you supposed to be doing in Alaska?

Mr. KRIEGER. Liquor and beer is sold in the Territory of Alaska on credit, and we were quite concerned over a good many of the accounts that K. & L. had in Alaska. I went up there to collect delinquent accounts and call on the trade, and to confer with all of the banks throughout the Territory to, in effect, prepare a credit survey of the firms with which K. & L. Co. did business.

The CHAIRMAN. In that connection, as I understand it, your trip to Alaska over that period of time had nothing whatsoever to do with organized labor or the teamsters' organization?

Mr. KRIEGER. No; it did not.

The CHAIRMAN. You went on no mission for the teamsters, and you performed no service for them?

Mr. KRIEGER. I did not.

Mr. KENNEDY. Now, you went from Seattle to Juneau, Alaska, which costs—and we have a mimeographed sheet that gives the expenses for that trip, Mr. Chairman.

The CHAIRMAN. Does the witness have a mimeographed sheet of figures before him respecting the trip?

Mr. KRIEGER. Yes, I do.

The CHAIRMAN. Can you identify or can you verify the figures on this sheet?

Mr. KRIEGER. I cannot verify them, Senator, because I don't know the rates that were in existence between these points at that time. Approximately, they seem to be reasonable to me.

The CHAIRMAN. In other words, according to your best judgment, these figures would be substantially accurate?

Mr. KRIEGER. They appear to be reasonable and accurate; yes, sir.

Senator MUNDT. You can verify the points of contact; that you went to the places listed there. You might not know the exact air tariff or transportation tariff, but you would know whether you visited Anchorage and Fairbanks, and Juneau, and Ketchikan, and the other places listed.

The CHAIRMAN. The Chair asks you the question, then, Did you visit all of the places mentioned on this sheet?

Mr. KRIEGER. Yes; the itinerary is correctly stated on the mimeographed sheet.

The CHAIRMAN. You did visit all of those places?

Mr. KRIEGER. Yes. I did.

The CHAIRMAN. On this trip that you are talking about?

Mr. KRIEGER. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. And the totals for that trip are there, Mr. Chairman, showing a total paid out of the Western Conference of Teamsters of \$1,500, and out of the Joint Council 28 of \$535, making a total for that trip of \$2,035.73.

Mr. KRIEGER. Of course, the \$1,500 is an estimate, and the exact rates for the tickets are estimates, and I believe the records themselves will support that. However, this does appear to be reasonable.

Mr. KENNEDY. Did you make any other trips in connection with the K. & L. business?

Mr. KRIEGER. Yes, I did.

Mr. KENNEDY. You went to St. Louis; is that right?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. You went to St. Louis in June of 1949?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. What was your purpose in going to St. Louis?

Mr. KRIEGER. The K. & L. Beverage Co. sold Budweiser beer in Alaska. It had to sell it on 30-day terms in Alaska. Beer coming from the brewery in St. Louis had to be paid for by cash. That is, it was shipped by rail, and to get the bill of lading, the order bill of lading, you had to pick up a sight draft for each cargo of beer.

Mr. Levine and I went to St. Louis and consulted with Mr. Carroll, the sales manager of the Anheuser-Busch Co., and the credit manager, whose name I don't recall, in an attempt to see if we couldn't get 30 days' credit from the brewery on beer for Alaska. We were not successful in our attempt.

Mr. KENNEDY. Who sent you to St. Louis on that trip?

Mr. KRIEGER. Mr. Beck.

Mr. KENNEDY. Mr. Beck did?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. Who had sent you to Alaska on the trip up there?

Mr. KRIEGER. Mr. Beck directed me to go.



Mr. KENNEDY. So Mr. Beck directed all of your operations during this period of time?

Mr. KRIEGER. Yes.

Mr. KENNEDY. So you were reporting to him?

Mr. KRIEGER. Yes.

Mr. KENNEDY. Now, that trip, and we have the schedule here of that, Mr. Chairman, was paid for by Joint Council 28, approximately \$370.46, and the Western Conference paid \$50, making a total of \$420.46 for the trip to St. Louis.

Did you do any work for the teamsters while you were in St. Louis?

Mr. KRIEGER. No; I did not.

Mr. KENNEDY. And this money was reimbursed to you by the teamsters, nevertheless?

Mr. KRIEGER. The airplane tickets were purchased on a credit card, and what little I had for meals and hotels was reimbursed.

Mr. KENNEDY. The credit card was a teamster credit card?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. So the teamsters paid for this trip.

Mr. KRIEGER. Paid for the transportation and my expenses.

Mr. KENNEDY. Then did you make another trip to Spokane in January of 1950?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. Were you ordered to make that trip by Mr. Dave Beck himself?

Mr. KRIEGER. I believe I told him I was going and we discussed it; yes, sir.

Mr. KENNEDY. What was the trip to Spokane for?

Mr. KRIEGER. That was a convention of the Washington Beer Wholesalers Association.

Mr. KENNEDY. Washington what?

Mr. KRIEGER. Washington Beer Wholesalers Association.

Mr. KENNEDY. That was a beer distributors' association?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. Or wholesalers?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. And you went for that convention; is that right?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. The association's meeting?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. And that cost the teamsters \$47.90?

Mr. KRIEGER. That would seem about reasonable, and in addition to attending the convention, I did go down to our local branch and take an inventory there. Our bookkeeper was inquiring into it and so I went down and took a physical inventory of all of the beer on hand.

Mr. KENNEDY. Did you do any work for the teamsters on that trip?

Mr. KRIEGER. No; I didn't.

Mr. KENNEDY. Now, you went to San Francisco in March of 1950?

Mr. KRIEGER. Yes.

Mr. KENNEDY. And Mr. Beck asked you to go and make that trip also?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. What was that in connection with?

Mr. KRIEGER. Honestly, I have never been too sure about it, but we met with the man who seemed to want us to sell canned tomatoes in

Alaska, and the purpose of the trip was never really too clear in my mind.

Mr. KENNEDY. Did it have anything to do with teamster business?

Mr. KRIEGER. No; it did not.

Mr. KENNEDY. And Mr. Beck asked you to go down there and meet with some people?

Mr. KRIEGER. Yes.

Mr. KENNEDY. Regarding Flo-Till canned tomatoes; is that right?

Mr. KRIEGER. That was the brand name of the tomatoes in question.

Mr. KENNEDY. Now, did the teamsters pay for your trip down there with teamster union funds?

Mr. KRIEGER. Yes, sir.

Mr. KENNEDY. And that cost the teamsters approximately \$128 for Mr. Beck to send you down there for a meeting on canned tomatoes?

Mr. KRIEGER. The amount is approximate, but it appears to be reasonable.

Mr. KENNEDY. Did you do any work for the teamsters there?

Mr. KRIEGER. No.

Mr. KENNEDY. You used your own automobile for this K. & L. business, and that amounted to approximately \$700 during this period of approximately 16 months?

Mr. KRIEGER. That is just a rough estimate. Again, I would say the records would speak better than I could for that amount.

Mr. KENNEDY. Unfortunately, the records are not with us any more. They have been destroyed.

So the total, Mr. Chairman, for Mr. Krieger during this period of time was approximately \$15,375.09 of union funds that were used while Mr. Krieger was doing work on the liquor and beer business.

I might say that Mr. Krieger has been cooperative with this committee. When we first went to visit him, he answered all of our questions.

Senator IVES. Mr. Chairman, I would like to ask a question there. What does the symbol K. & L. stand for?

Mr. KRIEGER. Kessler and Levine.

Senator IVES. Who are they?

Mr. KRIEGER. Mr. Levine was and is the present owner of the business. Mr. Kessler was a partner who had been there before I went to K. & L.

Senator IVES. Thank you.

The CHAIRMAN. Mr. Krieger, were you paid your salary in checks, did you say?

Mr. KRIEGER. Yes; on checks of the Western Conference of Teamsters.

The CHAIRMAN. Did you make any inquiry of Mr. Beck why he was using teamsters' money to pay you to operate a beer business?

Mr. KRIEGER. I didn't make an inquiry of him, Senator; no.

The CHAIRMAN. You realized that he was actually using the money of the teamsters' union to pay your salary and expenses, I assume?

Mr. KRIEGER. Senator, twice I had occasion to suggest to Mr. Beck that the money that I was being paid by the teamsters may be taxable income as far as he was concerned, and he told me that he would take care of that part of it, and that it was his intention to reimburse the teamsters for all of the money that I had received during this period.

The CHAIRMAN. He told you it was his intention to do so?

Mr. KRIEGER. Yes.

The CHAIRMAN. Do you know if he ever did?

Mr. KRIEGER. I do not.

Senator McNAMARA. Mr. Chairman, does he still work for the teamsters? I just want to ask that one question.

Mr. Chairman, does the witness still work for the teamsters' union or for the fund of the teamsters' union that he mentioned?

Mr. KRIEGER. Yes. I am comptroller for the teamsters welfare office in Seattle and deputy administrator of the Western Conference of Teamsters pension plan.

Senator McNAMARA. You are still on the staff?

Mr. KRIEGER. I still am, yes.

Senator GOLDWATER. Mr. Chairman?

Senator KENNEDY. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Do you think that this testimony will in any way affect your employment?

Mr. KRIEGER. I don't know of any reason why it should. After all, my work at K. & L. was most pleasant and successful. I am certain that my work now is of a very high standard. In fact, I am quite proud of it. I see no reason why this would affect my present position.

Senator KENNEDY. What was Mr. Beck's interest in K. & L.?

Mr. KRIEGER. I believe that Mrs. Beck owned 40-percent control in K. & L. distributors, and that Dave Beck, Jr., owned 49 percent of the capital stock of K. & L. Beverage Co. His main interest in it, however, was that the K. & L. was a large wholesale organization and must have a substantial line of bank credit. Mr. Beck had guaranteed the borrowings of the K. & L. enterprise, that is, he had given his personal guaranty, which is a general business practice when a closely held corporation becomes a large borrower.

Senator KENNEDY. Did this company make substantial profits during the period that you were involved with it?

Mr. KRIEGER. Not substantial profits, no. The business was in reasonably good shape and well operated by Mr. Levine. However, they were seriously undercapitalized and the interest costs tended to keep their profits down.

Senator KENNEDY. But there were profits being made which Mr. Beck benefited from himself, or at least members of his family, is that correct?

Mr. KRIEGER. If there were any profits made, and I don't have the records in front of me, then they would inure to their benefit because they were stockholders.

Senator KENNEDY. Were any other members of the teamsters aware that you were on the teamster payroll but doing work for a company in which Mr. Beck had a financial interest?

Mr. KRIEGER. I don't know whether any other members were aware of it or not.

Senator KENNEDY. Did Mr. Wampold know?

Mr. KRIEGER. I think possibly he did know. I am not certain that he did.

Senator KENNEDY. What about Mr. Sam Bassett?

Mr. KRIEGER. I don't know.

Senator KENNEDY. Were they the board of directors?

Mr. KRIEGER. Mr. Wampold is an attorney who works with Mr. Beck, and Mr. Bassett is the attorney for the teamsters union. I don't believe they are in the records of anything.

Senator KENNEDY. You do not know that they knew that while you were being paid by the teamsters you were working for this company?

Mr. KRIEGER. I couldn't say for sure.

Senator KENNEDY. I would like to ask the counsel whether they have been able to find out whether Mr. Beck in fact compensated the company for services of this gentleman.

Mr. KENNEDY. The records, of course, of the Western Conference of Teamsters up to January 1, 1954, have been destroyed. But from a review of Mr. Beck's account and an interviewing of the accountant who kept the books and records, there is no evidence at all that Mr. Beck paid any of these moneys back to the union for Mr. Krieger's services.

Senator KENNEDY. What are the monthly dues of the members of the teamsters, do you know? \$3.50 or \$4?

Mr. KRIEGER. I belong to local 154 and our dues are \$3.75 a month. I believe most of the other ones are \$5 per month or possibly \$5.25 per month now.

Senator KENNEDY. The fact is, the dues of about 200 members of the teamsters were used to pay your salary, while at the same time you were doing work for a beer company which Mr. Beck had a financial interest in, is that correct?

Mr. KRIEGER. Senator Kennedy, I think the committee would have to place its own interpretation on that.

Senator KENNEDY. The fact of the matter is that you received about \$12,000, which would be equivalent to the annual dues of about 200 or 225 members, and that you were paid union dues money, money that Mr. Beck and other members of the union leadership had a fiduciary responsibility for, and this money was used in order to benefit Mr. Beck directly.

I am not criticizing you, because you were working for Mr. Beck and going where your employer told you to go, and you have stated twice you suggested that another arrangement be made. But I am criticizing Mr. Beck, because I think it was a highly improper use of union funds in this way, for his own direct financial benefit.

The CHAIRMAN. Are there any further questions?

Senator McNAMARA. Mr. Chairman?

The CHAIRMAN. Senator McNamara.

Senator McNAMARA. The witness indicates that he did not know whether any other members of the teamsters union knew about him being on the teamster payroll.

I would like to ask this question: Did not the check bear at least two signatures?

Mr. KRIEGER. Yes, it did. Let me qualify my answer. The accountant for the Western Conference obviously knew that I was getting a check, and the checks were signed by Mr. Beck and Mr. Brewster.

Senator McNAMARA. Thank you.

Senator MUNDT. Mr. Krieger, all of these activities you have been discussing apparently took place during the calendar year of 1950, is that right?

Mr. KRIEGER. Yes. I took over the accounting in the welfare office on December 1, 1950.

Senator MUNDT. And at that time, do you know who replaced you doing the work you were doing, the credit supervisor, or whatever it was, for K. & L.?

Mr. KRIEGER. A gentleman by the name of Noble replaced me.

Senator MUNDT. What was his name?

Mr. KRIEGER. Noble.

Senator MUNDT. Will you spell it?

Mr. KRIEGER. N-o-b-l-e.

Senator MUNDT. Noble. What was his position with the teamsters?

Mr. KRIEGER. I don't believe he had any relationship with the teamsters.

Senator MUNDT. Do you know anything about his background or what occupation or profession he came from?

Mr. KRIEGER. Mr. Noble is a certified public accountant in Seattle, and I believe that possibly the bank recommended that he would be helpful in the affairs of K. & L.

Senator MUNDT. And the reason for your discontinuing these activities is because you were given this new assignment with the teamsters?

Mr. KRIEGER. Yes. I was simply ordered to report to the teamsters' building and take over the accounting for the welfare office.

Senator MUNDT. Since that time, have you had any activities in connection with the K. & L. Co.?

Mr. KRIEGER. No.

(At this point, Senator McNamara withdrew from the hearing room.)

Senator MUNDT. Thank you.

The CHAIRMAN. Is there anything further?

If not, thank you very much, Mr. Krieger. We appreciate your cooperation. You may stand aside.

Mr. KRIEGER. Thank you, Senator.

(Members present at this point: Senators McClellan, Ives, Kennedy, Mundt, and Goldwater.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. May we have this, Mr. Chairman, made an exhibit?

The CHAIRMAN. The mimeographed document which the witness has identified may be made exhibit 137, the one that he examined there before.

(Document referred to follows:)

*Stewart Krieger—Teamster funds expended in connection with operation of private companies in which Dave Beck was interested*

	Total	Funds of—	
		Western Conference of Teamsters	Joint Council No. 28
Salary from May 16, 1949 to Dec. 1, 1950.....	\$12,025.00	\$12,025.00	-----
Expense:			
Trip to Alaska, <sup>1</sup> May 14, 1950 to June 23, 1950:			
Seattle to Juneau.....	64.40		\$64.40
Juneau to Skagway and return.....	37.26		37.26
Juneau to Sitka and return.....	33.12		33.12
Juneau to Fairbanks.....	69.00		69.00
Fairbanks to Nome.....	57.50		57.50
Nome to Fairbanks.....	57.50		57.50
Fairbanks to Anchorage.....	34.50		34.50
Anchorage to Seward.....	16.10		16.10
Seward to Anchorage by train.....	7.53		7.53
Anchorage to Cordova.....	23.29		23.29
Cordova to Juneau.....	61.53		61.53
Juneau to Ketchikan (Annette Isle).....	35.65		35.65
Ketchikan to Seattle.....	56.35		56.35
Hotel, meals, etc.....	1,500.00	1,500.00	-----
Total, trip to Alaska.....	2,053.73	1,500.00	553.73
Trip to St. Louis, June 1949 (1 day):			
Seattle to Chicago to St. Louis.....	148.69		148.69
St. Louis to Chicago.....	17.88		17.88
Chicago to Los Angeles.....	130.81		130.81
Los Angeles to Seattle.....	73.08		73.08
Hotel, meals, etc.....	50.00	50.00	-----
Total, trip to St. Louis.....	420.46	50.00	370.46
Trip to Spokane, January 1950:			
Train, Seattle to Spokane and return.....	22.90		22.90
Hotel, meals, etc.....	25.00	25.00	-----
Total, trip to Spokane.....	47.90	25.00	22.90
Trip to San Francisco (Flo-Till canned tomato) March 1950:			
Seattle to San Francisco and return.....	88.00		88.00
Expenses.....	40.00	40.00	-----
Total, trip to San Francisco.....	128.00	40.00	88.00
Use of own auto on K. & L. business.....	700.00	700.00	-----
Total, all trips.....	15,375.09	14,340.00	1,035.09

<sup>1</sup> Krieger borrowed \$1,000 from Seattle 1st National Bank. He charged teamsters with \$15 interest.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Irving J. Levine.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LEVINE. I do.

### TESTIMONY OF IRVING J. LEVINE

The CHAIRMAN. Mr. Levine, will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. LEVINE. My name is Irving J. Levine. I live at 455 140th Northeast, Bellevue, Wash. I am the president of the K. & L. Co.

The CHAIRMAN. Have you discussed with members of the staff the information you have and know generally the line of questioning or interrogation we expect?

Mr. LEVINE. Yes; I have.

(At this point, Senator Kennedy withdrew from the hearing room.)

The CHAIRMAN. You know, too, you have the right to have counsel present to advise you as to your legal rights, while you testify?

Mr. LEVINE. Yes; I do.

The CHAIRMAN. Have you waived counsel?

Mr. LEVINE. Yes, sir.

The CHAIRMAN. Thank you very much.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Levine, would you give the committee a little bit of your background, where you were born?

Mr. LEVINE. I was born in Seattle, Wash., I am 44 years of age, I have lived there all my life. I started in the liquor business in approximately 1940, and am still in the liquor business at the present time, and beer business, operating companies in Sacramento, Calif., Seattle, Wash., and the Territory of Alaska.

Mr. KENNEDY. Will you tell the committee when you met Mr. Dave Beck?

Mr. LEVINE. I met Mr. Dave Beck, I believe, the latter part of 1946.

Mr. KENNEDY. What were the circumstances under which you met him?

Mr. LEVINE. I had been in the beer business and the liquor business and a mutual friend of ours, Dr. Grinstein, in various discussions from time to time, suggested that Mr. Beck might have a connection with Anheuser-Busch brewery and would I be interested in taking on the distributorship for Budweiser beer. I said, "Naturally, I am interested in any additional new lines we can get for our company."

He said, "I would like to have you meet Mr. Beck and discuss this with him."

So a meeting was arranged.

Mr. KENNEDY. What was Mr. Beck's position at that time?

Mr. LEVINE. I believe he was the president of the Western Conference of Teamsters.

Mr. KENNEDY. Did the teamsters have contracts with the various liquor companies?

Mr. LEVINE. I am sure that they did.

Mr. KENNEDY. You know that they did; is that right?

Mr. LEVINE. That is right.

Mr. KENNEDY. Go ahead.

Mr. LEVINE. What do you want to know now?

Mr. KENNEDY. You said you met with Mr. Beck.

Mr. LEVINE. I met with Mr. Beck and Dr. Grinstein. Mr. Beck told me that he had a young son just out of the service and that he would like to start him in a beer business and that he had a connection with Anheuser-Busch, and he thought that he could get the beer distributorship for Seattle and King County for us. I told him that would be fine. I told him——

Mr. KENNEDY. Did he tell you at first who the connection was that he had?

Mr. LEVINE. I didn't ask him.

Mr. KENNEDY. Did you learn later?

Mr. LEVINE. I learned later when I met the gentleman in St. Louis.

Mr. KENNEDY. What was the gentleman's name?

Mr. LEVINE. Mr. Jim Carroll.

Mr. KENNEDY. What was his position with Anheuser-Busch?

Mr. LEVINE. Vice president and general sales manager.

Mr. KENNEDY. Continue.

Mr. LEVINE. You throw me off the track, Mr. Kennedy. I forgot where I left off.

Mr. KENNEDY. You were in the midst of saying that Mr. Beck was describing that he had a contract.

Mr. LEVINE. Yes. He introduced me to his son and said that if such an arrangement could be made, that he would like to buy some stock in the K. & L. Beverage Co., and Dr. Grinstein also stated that he would like to buy some stock in the K. & L. Beverage Co. So we made a trip to St. Louis, Mr. Dave Beck, Sr., Mr. Dave Beck, Jr., and myself, and met with Mr. Carroll.

Mr. Dave Beck, Sr., merely introduced us to Mr. Carroll and then he left that following day for parts unknown.

We had quite a discussion, and Mr. Carroll brought out the files and stated to me that there was about 2 or 3 other applicants for Budweiser Beer for that area. You see, the Anheuser-Busch people, during the war, had pulled out of the West Coast all distribution of Budweiser beer, and they were just in the process of coming back into that area.

So, many distributors in business and people not in business had put in applications for the distribution of Budweiser beer for the respective areas on the Pacific Coast, of which we were one of the applicants, the K. & L. Co.

When we were in St. Louis and went through the files and the records, and talking about the distribution of Budweiser, Mr. Carroll said that we were 1 of 3 applicants. I think the other two companies was Odom and Co., and a company in Everett, Wash., by the name of Bargreen and Co. Neither of the other two companies even had a license in King County.

We went through the general discussions of all of these things here, and at the end of the discussions, I believe he decided to make the choice of our particular company, to give us the distribution in Seattle of Budweiser beer.

Mr. KENNEDY. He made that decision while you were in St. Louis at the time?

Mr. LEVINE. I believe so.

Mr. KENNEDY. Was not one of the applicants the group that had held the distributorship prior to the war?

Mr. LEVINE. I don't think so. But it has been the policy of Anheuser-Busch to always go back and discuss with their former distributor if they pulled out of the market if they would be interested in distributing their beer. That particular company during the war had taken on another major line of beer, Schlitz beer, and were a distributor for Schlitz beer, so, therefore, they were not in a position to take on Budweiser.

Mr. KENNEDY. Anyway, you received the distributorship when you made this trip back to St. Louis at that time and met with Mr. Carroll?



Mr. LEVINE. I think so; there or very close to it.

Mr. KENNEDY. What was the arrangement with the Becks as far as the K. & L. Beverage Co. was concerned?

First, what was the K. & L. Beverage Co. to include? Was that just going to distribute—

Mr. LEVINE. K. & L. Beverage Co., Mr. Kennedy, had been in the business of distributing beer and many other beers outside of Budweiser beer in the city of Seattle for a number of years, and Budweiser would be just an additional line that we would distribute in our area. When you ask me about what Mr. Beck, Jr.'s interest was, at the time we got back from St. Louis, we then discussed the matter of purchasing stock in our company, and Mr. Beck, Jr., to go to work in the K. & L. Beverage Co.

Mr. KENNEDY. Was he going to purchase some stock in the company?

Mr. LEVINE. Yes, sir.

Mr. KENNEDY. What were the arrangements that were made?

Mr. LEVINE. Well, he purchased some stock.

Mr. KENNEDY. How much stock?

Mr. LEVINE. He purchased \$24,500 worth of stock.

Mr. KENNEDY. Did anybody else purchase any stock?

Mr. LEVINE. Dr. Grinstein purchased \$24,500 of the stock.

Mr. KENNEDY. What percentage of the stock was that?

Mr. LEVINE. The total combined percentage was 49 percent.

Mr. KENNEDY. And you controlled the rest of it, 51 percent?

Mr. LEVINE. That is right.

Mr. KENNEDY. Did Dave Beck, Jr., receive any title or position at that time?

Mr. LEVINE. Vice president.

Mr. KENNEDY. So you went along in business, or continued in business, through 1947 and 1948, is that right, and 1949?

Mr. LEVINE. Yes, we were in business.

Mr. KENNEDY. What?

Mr. LEVINE. Yes, we were in business.

Mr. KENNEDY. Mr. Beck's wife, did she start to go into business with you, or come into business with you?

Mr. LEVINE. Approximately a year and a half or 2 years later, Mrs. Beck purchased stock in the K. & L. Distributors.

Mr. KENNEDY. I am sorry?

Mr. LEVINE. Approximately 18 months to 2 years later, Mrs. Beck purchased stock in the K. & L. Distributors.

Mr. KENNEDY. That is a different company, that is different from the K. & L. Beverage Co.?

Mr. LEVINE. That is right.

Mr. KENNEDY. What percentage of the stock did she purchase in that?

Mr. LEVINE. Forty percent.

Mr. KENNEDY. What was the K. & L. Distributing Co.? What were they supposed to do?

Mr. LEVINE. K. & L. Distributing Co. was a distributing company, distributing alcoholic beverages in the Territory of Alaska.

Mr. KENNEDY. What was the reason that Dave Beck, Jr., or Dr. Grinstein—what was the reason that they did not get into the K. & L. Distributing Co. instead of Mrs. Beck?

Mr. LEVINE. The original transactions were that Dave Beck, Jr., was going to go into the K. & L. Distributors, also, but there is a law in the State of Washington that was passed in April of 1945, that anybody in the beer business could not be in the liquor business, and vice versa. So, therefore, it had to be another name in the K. & L. Distributors.

Mr. KENNEDY. So it was decided that it would be in the name of Mrs. Beck, is that right?

Mr. LEVINE. I believe so.

Mr. KENNEDY. Is that not what happened?

Mr. LEVINE. That is what the record shows, sir.

Mr. KENNEDY. All right.

Senator MUNDT. The law says that it is okay just so they have a different name. Do I understand that is what you are trying to tell us?

Mr. LEVINE. No, the law doesn't state that, Senator. The law says that any individual that is a stockholder in a beer company cannot be a stockholder in a liquor company—I can further elaborate on that—unless they were in business prior to April 1 1945.

Senator MUNDT. Was Dave Beck, Jr., in both of these companies?

Mr. LEVINE. Dave Beck Jr. came into the K. & L. Beverage Co. after April 1, 1945.

Senator MUNDT. He was also with the K. & L. Distributing Co.?

Mr. LEVINE. No, sir.

Senator MUNDT. It was his mother who was in the K. & L. Distributing Co.

Mr. LEVINE. That is right.

Mr. KENNEDY. When you first received the franchise from Anheuser-Busch, was it just for the Seattle area?

Mr. LEVINE. That is the only market they came in; that is right.

Mr. KENNEDY. Did you get distributorships in other areas after that time?

Mr. LEVINE. Yes, sir.

Mr. KENNEDY. In what other areas?

Mr. LEVINE. Pasco, Wash.; Bremerton, Wash.; Tacoma, Wash.; Spokane, Wash.; and the Territory of Alaska.

Mr. KENNEDY. Did Mr. Beck assist you in getting those distributorships?

Mr. LEVINE. I believe he did.

Mr. KENNEDY. Did he have conferences with Mr. Carroll and officials of the Anheuser-Busch people to get those distributorships?

Mr. LEVINE. I presume so, Mr. Kennedy. He helped.

Mr. KENNEDY. You understand that that is what he was doing; is that right?

Mr. LEVINE. I naturally would think that he would try to help his son's interest, the company's interest, at all times, and I presume he did discuss this with Mr. Carroll.

Mr. KENNEDY. During this period of time, were there any major decisions made in either the K. & L. Beverage Co. or the K. & L. Distributing Co. that Mr. Beck wasn't consultant on?

Mr. LEVINE. Any major decisions?

Mr. KENNEDY. Yes. Any major decisions that were made.

Mr. LEVINE. I don't believe so.

Mr. KENNEDY. Mr. Beck was consulted on everything that was done in the company of anything more than a minor nature; is that right?

Mr. LEVINE. Yes. He was consulted from time to time for his advice and consultations.

Mr. KENNEDY. And for any decisions that you would make as to where you would want to get further distributorships or the fact that you were going to Alaska, Mr. Dave Beck, Sr., was consulted and his advice obtained on all of those matters?

Mr. LEVINE. I believe we had discussions quite often on that.

Mr. KENNEDY. Were there any instances when it was difficult to get beer out in Seattle and out in the State of Washington? Did Mr. Beck assist you in that?

Mr. LEVINE. Well, if it was short, if there was a shortage of beer when we first started in, and we weren't getting enough, I would call him on the phone and ask him if he could use his influence to get us some more beer, which was only natural.

Mr. KENNEDY. I am not saying anything is unnatural. I am just asking the questions. But he did assist you in that; is that right?

Mr. LEVINE. Yes.

Mr. KENNEDY. Was that also through his contacts with the Anheuser-Busch people that he was able to get those things for you?

Mr. LEVINE. I believe so, sir.

Mr. KENNEDY. Did he also have contacts that he spoke to you about with other concerns in Seattle that he felt that he might get them to accept Anheuser-Busch?

Mr. LEVINE. To accept Anheuser-Busch?

Mr. KENNEDY. To take Anheuser-Busch beer?

Mr. LEVINE. I don't think that was necessary.

Mr. KENNEDY. Were there any hotels that he went to?

Mr. LEVINE. We would have lunch at various hotels, the Olympic Hotel, and in the discussion we might mention to the maitre d' about other products that we sell, and ask him to use our products, and he helped along those lines.

Mr. KENNEDY. During this period of time he was assisting you. Was there a later period of time when you weren't getting along terribly well with Mr. Dave Beck, Sr.?

Mr. LEVINE. We had many differences.

Mr. KENNEDY. You had differences?

Mr. LEVINE. Yes, sir.

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. Mr. Dave Beck, Sr., was he anxious to have his son made president of the company and assume certain duties with the company?

Mr. LEVINE. Well, yes. In one of our meetings he asked that his son be appointed president of the company in charge of drivers and trucks.

Mr. KENNEDY. That he take over the position of president of the company?

Mr. LEVINE. Yes, sir.

Mr. KENNEDY. Was that in May of 1950?

Mr. LEVINE. I think approximately that time.

Mr. KENNEDY. Or May of 1949?

Mr. LEVINE. I think so.

Mr. KENNEDY. May 9, 1949.

That meeting that you had with him; was that at the K. & L. offices?

Mr. LEVINE. I think that particular meeting you are referring to was held at the teamsters hall.

Mr. KENNEDY. You went down to the teamsters headquarters in order to have the meeting on the K. & L. Beer Co.?

Mr. LEVINE. Yes. I was called up and told there was an emergency meeting and to attend this meeting at the teamsters hall. So I picked up my attorney and brought him up to this meeting at the teamsters hall.

Mr. KENNEDY. Were you having any trouble during that period with the teamsters union?

Mr. LEVINE. Just minor troubles. At this particular time, due to slack of business, I wanted to discharge a few employees, and Mr. Dave Beck, Jr., was very much against it. No doubt he probably went to his father to tell him the story, and what a son tells his father I don't really know; but after that we had a meeting.

Mr. KENNEDY. Tell me this: Prior to the meeting, was the teamsters union giving your company any difficulty?

Mr. LEVINE. No. I had the most amiable of relationships with the teamsters union ever since I have been in business. I still do.

Mr. KENNEDY. On that particular day, were you having any difficulty getting one of your trucks unloaded?

Mr. LEVINE. Yes. An incident took place.

Mr. KENNEDY. Would you describe that to the committee?

Mr. LEVINE. Well, during the course of discussion at this meeting, when Mr. Beck got quite angry and demanded certain things, and I refused to go along with his demands, I had received a telephone call from my brother. We ship our whisky from our warehouse down to the dock and it goes on board a ship to Alaska. This particular truckload of whisky was loaded and they went down to the dock, but they refused to unload the truckload of whisky at the dock.

Mr. KENNEDY. Was that the teamsters union?

Mr. LEVINE. I don't know exactly who refused to unload it, but it came back to our place of business.

Senator MUNDT. What reason did they give for refusing to unload it? They must have had a reason.

Mr. LEVINE. I think I can elaborate on this, Senator, as we go along, so you will get the point.

So I received a telephone call in Mr. Beck's office from my brother, telling me about the situation. So I mentioned it to Mr. Beck at that time and Mr. Beck says, "Well, you see what I mean, Levine; you don't get along very good with the members of local 174 and my family is stockholders in your company. We have got to protect our interest."

So I turned to my lawyer, and I asked him what my status was. He says, "Your status, legally, you can do what you want, but it would be a very difficult situation."

At that time, also, Mr. Beck, Sr., together with my wife's signature and myself were guarantors at the Seattle First National Bank for a

considerable amount of money. So I asked Mr. Beck, I said, in these words, "Well, you win; what do you want?" He said, "I would like to have my son as president of this company until such time as you can get me off of the signature at the bank, and to protect our interest, and to have him have the complete say-so of drivers and of trucks."

So I agreed at that time, that that is what I would do. That is what I had to do.

Senator MUNDT. But you had not been employing nonunion truckers before that?

Mr. LEVINE. No, sir.

Senator MUNDT. Did the truckers themselves down at the dock tell whoever was representing you why they were not going to unload that particular truckload of whisky?

Mr. LEVINE. I don't know the exact circumstances, Senator, because I was up at the meeting at the teamsters' hall. When I got back down to the office late that afternoon, all the matters had been cleared up, and I just didn't want to go back there to have any discussion about it.

The CHAIRMAN. Senator Ives?

Senator MUNDT. Do you think in your own mind, Mr. Levine, that there was a connection between that refusal and the conference at the teamsters' office that afternoon?

Mr. LEVINE. Well, I presume so.

Senator MUNDT. You would not know, but I am just asking whether, in your own mind, you have arrived at that type of conclusion.

Mr. LEVINE. I would say "yes."

Senator MUNDT. Was the truck subsequently unloaded the next day?

Mr. LEVINE. I beg your pardon?

Senator MUNDT. Was the delivery made satisfactorily the next day?

Mr. LEVINE. Yes, sir.

Senator MUNDT. You got it unloaded, all right?

Mr. LEVINE. Yes, sir.

Senator MUNDT. But not the day of the conference?

Mr. LEVINE. No, sir.

The CHAIRMAN. Senator Ives?

Senator IVES. Mr. Levine, this is not directly on the questioning you have been receiving, but applies generally to your appearance here. I would like to ask you if you still are associated in business with Dave Beck, Jr.

Mr. LEVINE. No, sir.

Senator IVES. Do you have any idea where he could be found?

Mr. LEVINE. I really don't know.

Senator IVES. Thank you.

The CHAIRMAN. Counsel, you may proceed.

Mr. KENNEDY. On Senator Mundt's point, after Mr. Dave Beck, Jr., was made president of the company, the truck was unloaded; is that correct, you were able to get the truck unloaded?

Mr. LEVINE. I would say the next day.

Mr. KENNEDY. During the period of 1949-50, did Mr. Beck have a personal representative at your company in the form of Mr. Krieger?

Mr. LEVINE. Yes, sir.

Mr. KENNEDY. And did you pay Mr. Krieger any of his salary or any of his expenses?

Mr. LEVINE. No, sir.

Mr. KENNEDY. Did you understand that during this period of time that he was working at your company that he was being paid by the teamsters?

Mr. LEVINE. That I didn't know, who paid him.

Mr. KENNEDY. But you were not paying him?

Mr. LEVINE. That is right.

Mr. KENNEDY. The company was not paying him?

Mr. LEVINE. That is right.

Mr. KENNEDY. Did you understand in one conversation that you had with him that the teamsters union was paying him?

Mr. LEVINE. I don't recall that, Mr. Kennedy.

Mr. KENNEDY. You never knew? You never inquired?

Mr. LEVINE. I never saw any of his checks and didn't know who paid him.

Mr. KENNEDY. All you knew was that you were not paying him?

Mr. LEVINE. That is right.

Mr. KENNEDY. Did you ultimately buy Mrs. Beck out of the K. & L. Distributing Co., and buy Dave Beck, Jr., out of the K. & L. Beverage Co.?

Mr. LEVINE. Yes, sir.

Mr. KENNEDY. Will you describe that to the committee, please?

Mr. LEVINE. What do you wish—

Mr. KENNEDY. When this occurred, and how much money you had to pay.

Mr. LEVINE. The final negotiations on the completion of the stock transaction of the K. & L. Beverage Co. took place in about September 1954, at which time I purchased the stock. I mean the K. & L. Beverage Co. purchased the stock of Dave Beck, Jr.

Mr. KENNEDY. How much did you pay for that?

Mr. LEVINE. \$112,500.

Senator MUNDT. How much of a capital gain did that represent to Mr. Dave Beck, Jr.? How much had he paid for it originally?

Mr. LEVINE. I believe he paid \$24,500 for his share, and I understood later he purchased Dr. Grinstein's share of his stock. What he paid Dr. Grinstein for it, I do not know.

Senator MUNDT. Did Dr. Grinstein have as much stock as Mr. Beck or less?

Mr. LEVINE. Exactly the same amount.

Senator MUNDT. So that Beck originally paid your company \$24,000 for his investment in the company; is that right?

Mr. LEVINE. Dave Beck, Jr.

Senator MUNDT. Dave Beck, Jr.?

Mr. LEVINE. Yes, sir.

Senator MUNDT. Did Dr. Grinstein also pay your company \$24,000 for his share?

Mr. LEVINE. \$24,500, too.

Senator MUNDT. And the \$112,500 that Dave Beck charged you was for his stock, or for his stock plus the stock of Grinstein?

Mr. LEVINE. He, during the interim sometime in those years, he had purchased Dr. Grinstein's stock, Dave Beck, Jr. So, therefore, Dave Beck, Jr., owned the 49 percent of the K. & L. Beverage Co.

Senator MUNDT. So what you actually bought for \$112,500 was the stock that the two gentlemen had paid \$48,000 for?

Mr. LEVINE. That is right. \$49,000.

Senator MUNDT. And they had held that stock for how long?

Mr. LEVINE. Approximately 8 or 10 years, wasn't it? I don't recall the exact dates.

Mr. KENNEDY. Eight years.

Mr. LEVINE. Eight years.

Mr. KENNEDY. What about Mrs. Beck? You bought her out of K. & L.——

Mr. LEVINE. I purchased Mrs. Beck's stock in January of 1956. I think the complete negotiations were closed then.

Mr. KENNEDY. How much did you pay for that?

Mr. LEVINE. \$65,000.

Mr. KENNEDY. How much had she paid for it?

Mr. LEVINE. \$40,000.

Mr. KENNEDY. During this period of time that Mr. Beck, Sr., was interested through Mrs. Beck, or Mrs. Beck was interested and Dave Beck, Jr., was interested, in your company, did Mr. Beck urge that you have certain representatives on your board of directors?

Mr. LEVINE. Yes, he did.

Mr. KENNEDY. Did you accept them?

Mr. LEVINE. Yes, I did.

Mr. KENNEDY. Who were they?

Mr. LEVINE. Well, there were various people throughout the period of time. There was Mr. Krieger, there was Mr. Loomis.

Mr. KENNEDY. Is that Fred Loomis?

Mr. LEVINE. That is right.

Mr. KENNEDY. Was he associated with the teamsters union at the time?

Mr. LEVINE. No, sir.

Mr. KENNEDY. He was not. You did not know that he was working for the Teamsters at the time?

Mr. LEVINE. I understood him to be an investment counselor for Mr. Dave Beck.

Mr. KENNEDY. He was the investment counsel for Mr. Dave Beck. He was not associated with the teamsters?

Mr. LEVINE. To my knowledge he was not.

Mr. KENNEDY. What about Mr. Wampold?

Mr. LEVINE. Mr. Wampold was later put on the board of directors. He was an attorney for Mr. Dave Beck. Mr. Noble——

Mr. KENNEDY. Wait a minute.

Mr. Simon Wampold was the attorney for the teamsters, was he not?

Mr. LEVINE. I believe so. I don't know exactly what his official capacity was.

Mr. KENNEDY. Mr. Chairman, he was an attorney for the teamsters. He was not being paid by Mr. Dave Beck. He was an attorney for the teamsters.

Senator MUNDT. Over how long a period was Mr. Krieger director?

Mr. LEVINE. Mr. Krieger was with our company for about 18 months.

I would like to make this point clear because I was listening to Mr. Krieger's testimony.

Senator MUNDT. That did not come out in the testimony. That is why I asked you about it.

Mr. LEVINE. At no time did any of these gentlemen that were there have any rights to make any decision without consulting me and discussing it with me, and merely acted in an advisory capacity in our companies. They had no contacts or nothing to do with sales or management of the company, but merely acted in an advisory capacity, and for the protection, at the request of Mr. Dave Beck, because Mr. Dave Beck's guaranty was at the Seattle First National Bank. As soon as Mr. Dave Beck's guaranty was removed, at no time was there any outside gentleman in the company.

And at no time did we pay any of these gentlemen any salaries at all in our company, with the exception of Mr. Noble, who was there for a short period of time and was an independent certified public accountant.

Senator MUNDT. Did Mr. Stewart Krieger get a director's fee?

Mr. LEVINE. I beg your pardon?

Senator MUNDT. Did he get a director's fee?

Mr. LEVINE. No, sir.

Senator MUNDT. Was his work, as far as you know, limited to the recital that he gave this afternoon, of making these trips, establishing credit relations, and things of that type?

Mr. LEVINE. It so happened Mr. Krieger was a very capable man and a very fine gentleman, and we used his services and advice where we could, but these particular trips were for finding out definite information, due to the financial structure of our business and the large sums of money we borrowed from the bank, and Mr. Beck having been a guarantor at the bank, the same as both my wife and I. We had nothing to hide in our companies and saw no objections to him doing anything he wanted to in that nature, as long as he wanted to, as long as we didn't have to pay for it.

Senator MUNDT. That is pretty cheap service.

You look to me like a pretty competent individual, too. You made a good bargain.

Mr. LEVINE. Thank you.

Mr. KENNEDY. On the \$112,500 that you paid for Mr. Dave Beck, Jr.'s interest, did you have that money of your own?

Mr. LEVINE. No, I didn't.

Mr. KENNEDY. Did you raise that money?

Mr. LEVINE. On that money, I talked to the Anheuser-Busch people, and they froze credits for our company to the tune of \$112,500 for a period of 18 months of which I signed a note and paid back in 18 monthly installments.

Mr. KENNEDY. Did you have discussions with them that you were going to buy Mr. Dave Beck out?

Mr. LEVINE. Definitely.

Mr. KENNEDY. Were they interested in having Mr. Dave Beck out of that also?

Mr. LEVINE. I don't know if they were interested in having Mr. Dave Beck out, because Mr. Dave Beck wasn't in, but the boy was in. I think they were interested in helping me out, because we were doing a real good job, and have continued to do a real good job as a distributor of Anheuser-Busch products.

Mr. KENNEDY. They made some arrangements with you so that you could get the \$112,000 in order to pay Mr. Dave Beck, Jr., for his interest?



Mr. LEVINE. I just stated that to you, Mr. Kennedy. They froze credits for me to the tune of \$112,500, which is many times a common practice of big companies.

Mr. KENNEDY. Can I restate it? They made some arrangements with you that couldn't have been made under the circumstances that existed prior to that time, they made some arrangements, Anheuser-Busch did, with you, so that you could get the \$112,500 to buy Mr. Dave Beck, Jr., out?

Mr. LEVINE. Yes, sir.

The CHAIRMAN. Are there any further questions?

Senator MUNDT. Those latter arrangements, as I understand it, you made direct with Anheuser-Busch, they were not made by either of the Becks: is that right?

Mr. LEVINE. No, sir.

Senator MUNDT. It is like any other distributor that might go in to a manufacturer, and if they want to do it they help him establish that?

Mr. LEVINE. That is right, sir.

Senator MUNDT. I did not know whether there was an implication in that that either one of the men had also participated in the conferences to induce Anheuser-Busch to make the loan. I wanted that straight in the record one way or another.

Mr. LEVINE. Senator, if they did, it was without any knowledge of mine, but I don't think so.

Senator MUNDT. The idea to buy out Beck was a Levine idea or a Beck idea?

Mr. LEVINE. I think it was my idea.

The CHAIRMAN. Thank you very much, Mr. Levine.

Senator MUNDT. Mr. Levine, who is the K. man in K. & L.?

Mr. LEVINE. When I first started in business, I had a partner by the name of Jack Kessler, and we established this trade name of K. & L. Since then, he was purchased out of the company, but we have always maintained the trade name of K. & L.

Senator MUNDT. So it is really your firm now, you and your family, and the K. is not involved?

Mr. LEVINE. That is right, sir.

Thank you, gentlemen.

The CHAIRMAN. The committee will stand in recess until 10 o'clock in the morning.

(Whereupon, at 3:40 p. m., the committee recessed, to reconvene at 10 a. m., Thursday, May 9, 1957.)

(Members present at the taking of the recess: Senators McClellan, Ives, and Mundt.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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THURSDAY, MAY 9, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Pat McNamara, Democrat, Michigan; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

(Members present at the convening of the session: Senators McClellan, Ives, Kennedy, and Curtis.)

The CHAIRMAN. The committee will be in order.

The Chair is very happy to announce that Senator Carl Curtis, the junior Senator from Nebraska, has been appointed to fill the vacancy on the committee occasioned by the death of the late Senator McCarthy.

Senator Curtis, personally and on behalf of the committee, we extend to you a welcome and invite you to help us carry the load that the responsibilities of this committee have placed upon us.

Mr. Counsel, call your next witness.

Mr. KENNEDY. Mr. Ingamills.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. INGAMILLS. I do.

## TESTIMONY OF DWIGHT DAVID INGAMILLS

The CHAIRMAN. Mr. Ingamills, will you state your name, and your place of residence and your business or occupation?

Mr. INGAMILLS. Dwight David Ingamills, and I live in Kirkwood, Mo., and I am a lawyer, general counsel for Anheuser-Busch.

The CHAIRMAN. Have you talked with members of the staff, and do you know generally the line of testimony that the committee is interested in?

Mr. INGAMILLS. I believe I do, sir.

The CHAIRMAN. I believe you stated that you are a lawyer, and I assume you do not feel the need of legal counsel to advise you of your rights as you proceed to give your testimony?

Mr. INGAMILLS. I don't believe I do, Senator.

The CHAIRMAN. Thank you very much.

All right, Mr. Counsel.

Mr. KENNEDY. Mr. Ingamills, you are the general counsel of Anheuser-Busch, is that correct?

Mr. INGAMILLS. I am, sir.

Mr. KENNEDY. In St. Louis?

Mr. INGAMILLS. Yes, sir. For the whole company.

Mr. KENNEDY. For the whole company, and the headquarters are in St. Louis?

Mr. INGAMILLS. Yes, sir.

Mr. KENNEDY. You are familiar with the fact that Mr. Dave Beck, Jr., had an interest in a beer distributorship for Anheuser-Busch in the State of Washington?

Mr. INGAMILLS. I believe the records at Tacoma reveal that.

Mr. KENNEDY. You are familiar yourself with that fact?

Mr. INGAMILLS. I have looked at those records which I produced for you.

Mr. KENNEDY. And you also have gone through the records of the Anheuser-Busch Co., or people under your jurisdiction have gone through those records and you have produced them for the committee, is that right?

Mr. INGAMILLS. Yes, sir. I have exposed them to Mr. Salinger and he has selected the ones that he wanted us to bring with us.

Mr. KENNEDY. That was done pursuant to a subpoena served upon Anheuser-Busch personnel, is that right?

Mr. INGAMILLS. Yes.

Mr. KENNEDY. Now, Mr. Chairman, we have certain documents that we would like to have placed in the record. Mr. Pierre Salinger of the committee staff has some of those documents in his possession, and I thought perhaps Mr. Ingamills and Mr. Salinger between them can get these documents, the ones that we want made a part of the record.

Could we have Mr. Salinger sworn?

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SALINGER. I do.

### TESTIMONY OF PIERRE SALINGER

The CHAIRMAN. State your name and your place of residence, and your business or occupation.

Mr. SALINGER. My name is Pierre Salinger, and I live in Washington, D. C., and I am a member of the staff of this committee.

The CHAIRMAN. All right, Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Chairman, these documents that we are going to introduce bear on the distributorship from Anheuser-Busch, which Mr. Dave Beck, Jr., and Mr. Levine had in the State of Washington.

They will also indicate or show the extent of the direction and control that Mr. Dave Beck, Sr., had over this distributorship.

Mr. Ingamills will identify these documents as being taken from the files of Anheuser-Busch, and Mr. Salinger will read some of those documents into the record.

The CHAIRMAN. All right, proceed with your first document.

What do you have in your hand, Mr. Salinger?

Mr. SALINGER. I have in my hand a telegram to Mr. Carroll, executive office, Anheuser-Busch Brewery, signed by Mr. Dave Beck.

The CHAIRMAN. Mr. Ingamills, there is being presented to you what purports to be a photostatic copy of a telegram dated January 15.

Mr. SALINGER. The year is not on there, but it is 1947.

The CHAIRMAN. Purportedly sent in January of 1947. Will you identify that telegram, please, sir?

Mr. INGAMILLS. This is a photostatic copy of the original of a telegram that I secured from the files of Anheuser-Busch, for Mr. Salinger's use, and the committee's use, and I have the original with me.

The CHAIRMAN. You have the original of that in your file?

Mr. INGAMILLS. I have it with me, sir.

The CHAIRMAN. That telegram may be made exhibit No. 138. Do you wish it read into the record?

Mr. KENNEDY. If I could suggest, there are approximately 10 documents, all of which Mr. Ingamills has seen and reviewed, and if he could verify that they have been taken from the files of Anheuser-Busch, en masse, then we could move on and Mr. Salinger could read certain passages from the documents and expedite the matter.

The CHAIRMAN. Mr. Ingamills is being presented a number of documents. Will you examine those documents and state whether you identify them as having come out of the files of the Anheuser-Busch Co., or your own files, relating to its business.

Mr. INGAMILLS. These are all photostatic copies, Senator, of original records that I secured from the files of Anheuser-Busch for the committee's use.

The CHAIRMAN. Thank you very much.

How many are there, Mr. Salinger?

Mr. SALINGER. There are approximately 10 different exhibits there, and some of them are 2 pages and some are 1 page.

Mr. KENNEDY. Now, I would like to move on, and have Mr. Salinger just identify what it is, whether it is a letter or telegram, and identify to whom it is written and from whom, and the date, and then if you are reading the whole thing, state that, and if you are reading just an excerpt, state that.

The CHAIRMAN. Let the record show at this point that he is reading from the documents identified by the witness, Mr. Ingamills. This one will be made exhibit 138.

(The document referred to follows.)

Mr. SALINGER. First I have committee exhibit 138, a telegram from Mr. Dave Beck to Mr. Carroll, executive office, Anheuser-Busch, and I will read the entire telegram.

I am leaving at noon via Eastern Airlines for Miami. I will be at Alcazar Hotel or word sent there will reach me. I sincerely trust Spokane will be available and will organize new company or purchase one if more desirable to you. Guarantee adequate capital, competent management and splendid distribution. Tacoma O. K. Local competitive distributors of course did not like to see real competition. Mayor of Tacoma was and is very cooperative. Also Governor Wallgren is 100 percent with us. I guarantee same status in Spokane. I will appreciate word on Spokane as soon as possible as we are ready to start work on it. Thank you for your courtesy and friendship. Call on me any time. Dave Beck.

The CHAIRMAN. Mr. Ingamills, does that refer to a beer distributor franchise?

Mr. INGAMILLS. We don't have any franchises, Senator. We appoint a distributor on an order-to-order basis, terminable at the will of either party. It is a little difficult, Senator, to understand because most companies have either contracts or franchises, but we don't.

The CHAIRMAN. You referred to appointing him or his company, one that he would either buy or organize as the distributing agent for the products of Anheuser-Busch.

Mr. INGAMILLS. That is right, sir.

The CHAIRMAN. Proceed.

Mr. SALINGER. I have in my hand another telegram dated January 16, 1947, addressed to Dave Beck, Alcazar Hotel, Miami, Fla., signed by J. J. Carroll, vice president, Anheuser-Busch, Inc.

Do you want to give these a number as I go along?

The CHAIRMAN. That may be 138-A.

(The document referred to follows:)

Mr. SALINGER. I will read the entire telegram.

Satisfactory to go ahead on Spokane. It makes no difference to us whether you organize new company or purchase one or establish Spokane branch of your Seattle parent company. Use your own good judgment. Spokane territory consists of following counties: Stevens, Pend Oreille, Spokane, Adams, and eastern half of Lincoln County. When you are all ready at Spokane, let me know when first car is to be shipped, when newspaper advertisement in Spokane is to be released, local address of warehouse, and so on. Best we can do for Spokane will be allotment of two cars per month, each car 1,540 cases. Regards. J. J. Carroll, vice president, Anheuser-Busch. Carbon copy to Mr. G. O. Hinzpeter.

Mr. KENNEDY. Now, Mr. Ingamills, the records show that the franchise or the distributorship was given to Mr. Dave Beck, Jr., although this telegram was addressed or came from Dave Beck, Sr., and the reply was addressed to Dave Beck, Sr., also.

Mr. INGAMILLS. It was given to some company in which Mr. Beck had an interest.

Mr. KENNEDY. Dave Beck, Jr., I think the record shows that.

Mr. INGAMILLS. I don't know whether it is Tacoma or Spokane, but that is substantially correct.

Mr. KENNEDY. Does the record show that the distributorship was given to Mr. Dave Beck, Jr.?

Mr. SALINGER. Spokane was given to K. & L. Beverage Co., of which Dave Beck, Jr., was an officer.

Mr. KENNEDY. And in which Dave Beck, Sr., ostensibly had no interest?

Mr. SALINGER. That is right.

Mr. KENNEDY. But these telegrams to the Anheuser-Busch Co. and from the Anheuser-Busch Co. were addressed to Dave Beck, Sr., is that right?

Mr. SALINGER. Yes, sir.

Mr. KENNEDY. What was Dave Beck, Sr.'s position at that time?

Mr. SALINGER. At that time he was chairman of the Western Conference of Teamsters.

Mr. KENNEDY. Would you continue with the documents?

The CHAIRMAN. Mr. Ingamills, I have one other question. Mr. Dave Beck actually carried out all of the negotiations with Anheuser-Busch for these distributorships, is that correct?

Mr. INGAMILLS. Well, Senator, I didn't carry out the negotiations, and Mr. Carroll did, but from this correspondence, not only what is being produced here but what we exhibited, Dave Beck was conferred with constantly and was referred to in these various telegrams and letters.

The CHAIRMAN. In other words, the bulk of the negotiations, at least according to the records, were made with Dave Beck, Sr.?

Mr. INGAMILLS. I would say that was a fact, Senator.

The CHAIRMAN. All right.

Mr. SALINGER. I have a letter dated April 24, 1947, to Mr. Irving J. Levine, K. & L. Beverage Co., Seattle, Wash., signed by Mr. J. J. Carroll, vice president and sales manager of brewery division.

The CHAIRMAN. That may be made Exhibit 138-B.

(The document referred to follows:)

This letter I will read in its entirety.

DEAR MR. LEVINE: At Mr. Dave Beck's request I am giving you an extra car of Budweiser bottle beer over your May allotment in order to have some extra Budweiser in the retail outlets during the visit of the Clydesdales to your city.

Regards.

Cordially yours,

J. J. CARROLL.

Mr. SALINGER. I have here a memorandum from Mr. J. J. Carroll, to Mr. W. L. Snycott, and it is an interoffice memorandum of the Anheuser-Busch Co., dated June 22, 1948, subject: K. & L. Beverage Co., and I will only read certain portions of this one.

No. 2: Frankly, we believe that we have already given them sufficient territory.

Mr. KENNEDY. Is this talking about the K. & L. distributorship?

Mr. SALINGER. Yes, sir.

You are familiar with their present territorial lines. If you do not have a record of their present territory, you can get it from Jensen. We would like to remain on as friendly terms as possible with Dave Beck, his son, and Irving Levine, and I think you can make it clear to them in a very diplomatic way that we have already given them more territory than we have given to any distributor throughout the United States, and that we incur a certain amount of illwill from resident wholesalers, for instance in Spokane, when we permit a wholesale merchant from Seattle to go into Spokane and act as our distributor. Quite logically, the wholesalers who are outstanding citizens in their own community resent outsiders coming in and taking all of the profits and the cream.

The CHAIRMAN. That will be made exhibit 138-C.

(The document referred to was marked "Exhibit 138-C" for reference and will be found in the appendix on pp. 2451-2452.)

Senator KENNEDY. Mr. Ingamills, why did you give the Becks more territory than any other distributor in the United States?

Mr. INGAMILLS. I couldn't answer that, Senator.

Senator KENNEDY. Who could, in the company?

Mr. INGAMILLS. Unfortunately, the only person, as I have told Mr. Kennedy, that could answer it is Mr. Carroll, and he is in Calvary Cemetery.

Senator KENNEDY. There is no explanation by the Anheuser-Busch Co. why they gave the Becks greater distribution rights than they gave anybody else in the United States?

Mr. INGAMILLS. Not that I am aware of, Senator.

Senator KENNEDY. You have no reason, nor do you have any judgment in your own mind from your experience with the company as to why they would?

Mr. INGAMILLS. No, sir, I honestly couldn't tell you.

Senator KENNEDY. Is it because he was head of the teamsters?

Mr. INGAMILLS. You must remember, I am just the company's lawyer, and I could not tell you.

Senator KENNEDY. You are speaking for the company today. That is a reasonable inference, is it not?

Mr. INGAMILLS. Well, I certainly think it had something to do with it.

Senator KENNEDY. Obviously, they had not had any previous experience in the beer business.

Mr. INGAMILLS. I didn't get you.

Senator KENNEDY. They had not had any previous experience in the beer business.

Mr. INGAMILLS. Not Beck.

Senator KENNEDY. That is right. Or Beck, Jr.

Mr. INGAMILLS. That is right. That is what I understand.

Senator KENNEDY. Therefore, obviously, the reason why you gave him, and I wonder if you agree with that, the reason he was given this greater territory than anyone in the United States was because he was head of the teamsters, and the Anheuser-Busch Co. had substantial relations with the teamsters in different parts of the country because of the nature of their business.

Mr. INGAMILLS. I would answer it this way, if I may, Senator: Apparently Carroll when he said "Greater territory" was talking about area. I can only say if you are asking at this time for my opinion, I am sure the fact that Beck was vice president of the western branch of the teamsters. I am sure that entered into it.

Senator KENNEDY. All right.

Mr. KENNEDY. Could I ask you there how many employees approximately did the Anheuser-Busch people have?

Mr. INGAMILLS. Between 8,000 and 10,000, I believe. That is hourly and salaried employees.

Mr. KENNEDY. Approximately how many of those are teamsters?

Mr. INGAMILLS. I would say a majority are teamsters.



Mr. SALINGER. I have here a memo dated May 23, 1950, from Jay R. Rideout to Mr. Earl Memory. This is an interoffice memo of the Anheuser-Busch Co., and I will only read certain portions of this:

I am beginning to realize what you meant when you told me Dave Beck, Jr., was an overgrown, spoiled boy. Irv left most of the horse showing arrangements to Dave and you should have seen it. The stable was nice, and I mean darned nice and we attracted a hell of a lot of people because of the advance publicity, which made the showing, all in all, very successful.

The union arranged to have the horses and wagon put on top of the P-I building for a publicity stunt. Then, the P-I ran two articles along with a picture and that, too, created quite a lot of interest.

All of the above was good, but just imagine an eight-motorcycle police escort bringing our vans into town. The next day we had a five-police escort to help us get around traffic—preposterous. The day after that—Saturday—we didn't have any police escort when we left the stables and we tied up plenty of traffic. We took the horses to Liberty Square and refused to move until a police escort was provided. We asked for 2 and got 4 and K. & L. had to pay for them at the rate of \$10 per man. Talk about throwing money away. Aside from that, everything here is in pretty fair shape.

The CHAIRMAN. That will be made exhibit No. 138-D.

(The document referred to was marked exhibit No. 133-D for reference and will be found in the appendix on p. 2453.)

Mr. SALINGER. I have here a memorandum dated December 6, 1950, from Mr. Jay R. Rideout to Mr. John Flanigan, and this is another interoffice memo of the Anheuser-Busch Co. of which I will only read certain portions:

Upon arrival in Seattle, we discovered that Mr. Levine was in conference with the stockholders of the K. & L. organization. Mr. Beck, Sr., was not in attendance. His interests were represented by his son and his attorney.

I talked to Irv right after the meeting. He seemed quite perturbed and told me that Mr. Beck was almost impossible to get along with. He showed me an agreement signed by Mr. Beck to the effect that Junior is to receive 5 cents a case on every case of Budweiser sold in Alaska Territory.

The CHAIRMAN. That is Dave, Jr.

Mr. SALINGER. Yes, sir.

But in no one month is he to receive less than \$1,000. It was apparently Levine's contention that during the slow months in Alaska, if Junior's commission due from the 5 cents a case amounted to less than \$1,000, he would receive the \$1,000 anyway. But during the summer months when the 5 cents a case commission exceeded \$1,000, then the overage could be applied against the shortage during the slow months until such time as the deficit was theoretically cleared up.

Beck's attorney advised Levine that was not the condition and that Junior was to get \$1,000 every month and during the summer months when the 5 cents per case would be greater than the \$1,000 he was to receive the full 5 cents a case commission.

Levine apparently got angry and called Mr. Beck to see how he interpreted this agreement. Mr. Beck apparently told him that it was his understanding that Junior was to receive \$1,000 plus the 5 cents on every case sold in Alaska, whereupon Levine supposedly got very angry and told Mr. Beck he could take the blank-blank business if he wanted it.

In short, Levine and Mr. Beck, Sr., are still very much at odds. I asked Mr. Levine how Beck could force a contract like this inasmuch as Levine was now supposed to control the organization. Levine's stereotype answer was, "he cannot; I'll stand on my own two feet." Nevertheless, Junior will still probably get his \$1,000 a month.

The CHAIRMAN. That may be made exhibit No. 138-E.

(The document referred to was marked "Exhibit No. 138-E" for reference and will be found in the appendix on pp. 2454-2455.)

Mr. KENNEDY. Mr. Ingamills, could you tell us or give us any explanation as to why Junior was to get 5 cents a case extra on the beer going to Alaska?

Mr. INGAMILLS. I haven't the slightest idea, Mr. Kennedy.

Mr. KENNEDY. Have you ever heard of an arrangement like that before?

Mr. INGAMILLS. I don't believe I have, offhand.

Mr. SALINGER. Mr. Kennedy, you have the next document.

The CHAIRMAN. Has that document been previously identified?

Mr. SALINGER. It has not and I will show it to Mr. Ingamills now.

The CHAIRMAN. Mr. Ingamills, will you examine that document and state what it is?

Mr. INGAMILLS. This is an interoffice report directed to John Flanigan by Jay Rideout, dated October 11, 1950, subject, K. & L. Beverage Co., operations.

The CHAIRMAN. Is that an interoffice report?

Mr. INGAMILLS. Yes.

The CHAIRMAN. Of the Anheuser-Busch Co.?

Mr. INGAMILLS. Yes, sir.

The CHAIRMAN. Relating to this transaction of this distributorship?

Mr. INGAMILLS. Yes, sir; and the subject is K. & L. Beverage Co., operations.

The CHAIRMAN. And that may be made exhibit No. 138-F.

(The document referred to was marked exhibit No. 138-F for reference, and will be found in the appendix on pp. 2456-2458.)

The CHAIRMAN. You may read from it, Mr. Salinger.

Mr. INGAMILLS. There is also attached to it a note, signed by Flanigan.

Mr. SALINGER. There is a note on the outside signed by Mr. Flanigan, in handwriting, in which it says, "Still a perplexing problem. What price solution?"

The CHAIRMAN. I beg pardon.

Mr. SALINGER. It says. "Still a perplexing problem. What price solution?"

Now, attached to that is this memorandum of October 11, 1950, from Mr. Jay Rideout, to Mr. John Flanigan, of which I will read certain portions.

The following is to keep you advised of the developments in Seattle and Tacoma, Wash. You will recall that when we talked to Mr. Levine and Mr. Dewey Busch regarding the disposing of various K. & L. branches, that a value of \$40,000 was placed on the Tacoma operations.

Mr. Busch advised me the evening of October 10, that some time during the latter part of September a bona fide offer of \$40,000 plus inventory was submitted by himself and a man he was considering taking in as a partner. The offer contained a 10-day option.

As of this date, Mr. Busch has not heard from K. & L. with regard to this offer. Mr. Levine advised me that Mr. Dave Beck, Jr., refused to accept \$40,000 for the Tacoma branch.

On Sunday, October 8, Mr. Dave Beck, Sr., at the latter's home to discuss the possibility of Mr. Busch buying the Tacoma operations. At that meeting, Mr. Beck advised if anybody bought the Tacoma branch, it would be Mr. Beck, himself, and that he definitely didn't want to sell the operation in Tacoma.

He apparently, however, made the statement that he would buy the operations for \$40,000 or sell it for \$50,000. Mr. Beck is not very interested in financing

Mr. Busch in the purchase of this operation. This sounds to me like Mr. Beck is bound and determined that he is not going to sell the Tacoma operation to anyone but himself.

And it continues. On page 2 of this, there is another section:

Stu Krieger, who has been the K. & L. comptroller for the past several months, was employed by the teamsters union and drew his salary from that organization. When Mr. Levine had Mr. Beck's guarantee removed, the bank insisted that somebody of Mr. Krieger's caliber be retained as comptroller of the operation, and requested that Mr. Krieger accept the position.

They asked Mr. Krieger pointblank if he would resign from the union and accept the position and Mr. Krieger said "Yes," and he has resigned from the union. When Mr. Beck, Sr., was advised of this arrangement he became terribly angry and insisted that Mr. Krieger was not going to leave the payroll of the teamsters union.

Now, I have here a 4-page document, 2 pages of which are written on the stationery of the Olympic Hotel, Seattle, Wash., and 2 pages of which are written on some squared paper. The author of these notes is not identified on the notes, and they were in the file of K. & L., and they were filed there by J. F., which are the initials for John Flanigan.

I talked to Mr. Flanigan relative to these documents and he said that he had them filed and they could have been written by any 1 of 2 or 3 people. However, there are certain sections of this that are interesting.

The CHAIRMAN. Has that document been identified by Mr. Ingamills?

Mr. SALINGER. It has, sir.

These are apparently the notes of a meeting.

One, got wash from Carroll. Was asked to take it. Two, got Alaska from Anheuser. Three, took Levine in as convenience because Beck had never been in the business before. Four, considers the Busch account his personal franchise.

Five, gives no intention of getting out of the beer business, but would just as soon split up with Levine.

Mr. KENNEDY. Could I interrupt there? That was an interview between the person who wrote this memorandum and Dave Beck, Sr., is that right?

Mr. SALINGER. It appears that way, yes, sir.

Six, wanted assurance he would get the account in case of a split. Was told, "I cannot give that assurance. It will depend on circumstances at the time."

Seven, will buy Tacoma from K. & L. and put Dewey Busch in as operating manager and one-third owner with a chance to buy that one-third out of profits.

Eight, expressed a willingness to set up an entirely new organization for Bud in Alaska and Seattle as well as Tacoma.

The CHAIRMAN. Who is Bud?

Mr. SALINGER. That is Budweiser.

Number nine. He was opposed to splitting Alaska and Seattle.

Ten, says he wants the Bud business so that he will have something to do when he retires in 6 years.

Eleven, impressed on him it was unhealthy for us to be associated with someone from whom we did not feel we could take the account. He gave me no indication that he was the type we could get it away from if he felt he was not doing a satisfactory job, and avoided any such remark that he was.

Twelve. If we make any such overture, I feel sure he will say that such a move is unnecessary and that he will be only too happy to reorganize at any expense and do the job in both Seattle and Alaska.

The CHAIRMAN. That may be made Exhibit 138-G.

(The document referred to was marked "Exhibit No. 138-G" for reference and will be found in the appendix on pp. 2459-2462.)

Mr. SALINGER. I have a memorandum from Mr. Jay Rideout to Mr. John Flanigan, dated October 17, 1950, of which I will read one sentence.

He further advised that Mr. Beck, Jr., would either be given a very minor job with the company or he would leave entirely.

It was Mr. Levine's opinion that from here on out, there would be no interference whatsoever—the business would be run as a business—and the Budweiser relationship would be materially improved. The above, of course, is Levine's story.

The CHAIRMAN. That will be 138-H.

(The document referred to was marked "Exhibit No. 138-H" for reference and will be found in the appendix on p. 2463.)

Mr. SALINGER. I have a memo dated November 20, 1950, subject, Seattle, Washington territory, for Mr. Holland B. Thomas, to Mr. John Flanigan. I will read a paragraph:

Dave Beck, Jr., has not been bothering or around causing trouble lately; however, Senior is still riding Irving Levine quite hard even though Levine is running the business. The feeling here is altogether different and it may be possible to make the wholesaler out of Levine that we would like to have, so that we will be able to get results measured by Budweiser sales in the Seattle territory. If it is ever possible to accomplish this, I certainly will be a firm believer in miracles and feel certain that your thoughts coincide with mine but can assure you that we will continue to do the best we possibly can with what we have to work with for Budweiser and Anheuser-Busch.

The CHAIRMAN. That is 138-I.

(The document referred to was marked "Exhibit No. 138-I" for reference and will be found in the appendix on pp. 2464-2465.)

Mr. SALINGER. I have here a memorandum dated November 10, 1950, subject, Wholesaler Change, Tacoma, Wash., from Mr. Jay R. Rideout to Mr. Holland B. Thomas.

The CHAIRMAN. That may be made exhibit 138-J.

(The document referred to follows:)

Mr. SALINGER. I will read this interim memorandum.

Attached are the necessary forms for the appointment of the B. & B. Distributors in the Tacoma, Wash., area.

It is my understanding that Mr. Dewey Busch is to remain with the B. & B. Distributors as manager and has the privilege of buying up to one-third of the interest of this operation.

As you know, this change is not of our choosing. Rather it was a change of ownership arranged with the K. & L. organization. The Beck interest in this business is not very good from a public standpoint. However, I understand that Dave Beck, Jr., is not to go near the operation unless Mr. Busch requests that he come over. How long this arrangement will last remains to be seen.

It seems apparent that about the only thing we can do is go along with this change and hope that the Becks will eventually lose interest in this operation due to the comparatively small return they will receive from their investment and will decide to sell the entire operation to Mr. Busch.

Kindest personal regards,

(Signed) JAY RIDEOUT.

The CHAIRMAN. It seems to me that somebody was unhappy with Beck being in this enterprise.

Mr. SALINGER. The records of the company are replete with unhappiness.

The CHAIRMAN. Did you have that information, Mr. Ingamills, at the time?

Mr. INGAMILLS. No, sir.

The CHAIRMAN. As their counsel?

Mr. INGAMILLS. No, sir.

The CHAIRMAN. All you know then, is what these records are reflecting.

Mr. INGAMILLS. Some of these letters I never saw before, Senator.

The CHAIRMAN. Thank you. Proceed.

Mr. SALINGER. I have two more here. This one is a memorandum dated November 22, 1950, from Mr. John Flanigan to Mr. Holland B. Thomas. I will only read a section of it.

Mr. KENNEDY. I think the first two paragraphs.

Mr. SALINGER (reading):

Thank you for your detailed letter on the Seattle territory. I am glad to see that you think the operation might become worthwhile and it looks as though we will finally get somewhere now that we have one man in control.

You have an interesting note—"Senior is still riding Irving Levine quite hard even though Levine is running the business." Wherever you can, will you please try to get detailed information as to just how Senior is interfering with the operation and get it on paper to me as fast as possible. That is exactly the kind of thing we want to have in our hands, should we ever have another meeting with him to discuss who should run the business.

The CHAIRMAN. That may be made exhibit 138-K.

(The document referred to appears above and below:)

Mr. KENNEDY. I think that you had better read the entire document there.

Mr. SALINGER (reading).

As I told you, the first time we come to him for a change in wholesalers, he is going to say that the trouble is not with him but with the present management. If we can show that he has interfered with present management and that present management has cooperated with our policies, we will have a better argument.

Thanks a lot and congratulations to both you and Jay on doing a swell job in that territory.

Regards.

(Signed) JOHN FLANIGAN.

The CHAIRMAN. Mr. Ingamills, let me ask you, as counsel, and I realize this question may invade your province of counsel and client relationship, but you may answer if you care or decline on that ground:

In your experience in representing Anheuser-Busch, have you ever had any problem where they were afraid to get rid of a distributor, that you can recall, except in this instance?

All of this indicates they had gotten themselves involved here with Beck and could not get loose and they were afraid to try to get loose. Do you recall any other similar experience representing Anheuser-Busch?

Mr. INGAMILLS. I don't believe I do, Senator.

The CHAIRMAN. Thank you very much.

Senator KENNEDY. Under the Hobbs Act, section 1 (C), it states:

The term "extortion" means obtaining of profit from another with his consent induced by wrongful use of actual or threatened force, violence, or fear, or under color of official right.

Now, obviously, the whole implication during this series of memos has been that the reason you did not break off this relationship which was very easy to break off, as you described at the beginning, was because Mr. Beck was head of the teamsters, with which the company had extensive negotiations. Therefore, would you as an attorney believe that this could possibly come under the language of the Hobbs Act, this relationship?

That is where things of value were obtained from your company because of the position which Mr. Beck held as head of the teamsters, and, therefore, by the threatened use of force against you.

Mr. INGAMILLS. I don't believe, Senator, I can answer that.

Senator KENNEDY. Thank you.

Mr. KENNEDY. Just on that last memorandum, Mr. Salinger, the first paragraph that you read there,

Thank you for your detailed letter on the Seattle territory. I am glad to see that you think the operation might become worthwhile and it looks as though we will finally get somewhere.

How long had they had that Seattle operation at that time? That is November 22, 1950.

Mr. SALINGER. Approximately 4 years.

Mr. KENNEDY. And they were writing a memorandum that it now might become worthwhile?

Mr. SALINGER. That is right. They don't like the word "franchise," and the distributorship was given to K. and L. for King County, Seattle, in December of 1946.

Mr. KENNEDY. Thank you.

Mr. SALINGER. I have here a memorandum taken from the credit files of the Anheuser Busch Co., a letter from Mr. Roy Lamphere, of the credit department, to the K. and L. Beverage Co. I don't think it is necessary to read the entire letter, but this letter indicates acute unhappiness with the company over its failure to meet its financial obligations. I will read a section of it:

Unless your remittances are made in accordance with our terms, we shall have no alternative than to ship your cars on demand draft, bill of lading, attached base as previously done. Yours very truly.

The CHAIRMAN. That may be made Exhibit 138-L.

(The document referred to was marked exhibit No. 138-L for reference and will be found in the appendix on p. 2466.)

Mr. SALINGER. Finally, I have a memorandum here dated June 10, 1952, from Mr. Jay Rideout to Mr. John Flanigan, and this is a memorandum where they have surveyed the Washington market to see how the K. and L. Beverage is doing, and the last paragraph of this memorandum reads:

I am not writing this with a thought that I want to stir up any additional trouble in the Seattle-Alaska combine. I am writing it with the thought that I would like both you and Holliwel armed with the facts and figures when you meet with His Majesty, the Wheel.

Kindest regards, Jay Rideout.

The CHAIRMAN. Is there anything to identify "His Majesty"?

Mr. SALINGER. Not in this document, sir.

(At this point Senators Goldwater and Mundt entered the hearing room.)

Mr. KENNEDY. The whole discussion in the document is about K. & L., is it?

Mr. SALINGER. That is right.

Mr. KENNEDY. And the difficulties they were having with K. & L.?

Mr. SALINGER. That is correct.

The CHAIRMAN. That may be made exhibit 138-M.

(The document referred to was marked Exhibit No. 138-M for reference and will be found in the appendix on pp. 2467-2468.)

Mr. KENNEDY. Now, there are a large number of other documents that indicate the difficulty that Anheuser Busch was having with Mr. Dave Beck, Sr., and with the K. & L. distributorship during this period of time: is that right?

Mr. INGAMILLS. Sir?

Mr. KENNEDY. There are a large number of other documents that indicate the difficulties that Anheuser-Busch was having with Dave Beck, Sr., and with the K. & L. distributorship during this period of time?

Mr. INGAMILLS. I think that is a correct statement.

Mr. KENNEDY. Those are the only documents that we will put in at this time, Mr. Chairman.

The CHAIRMAN. Are there any further questions of the witness? Thank you gentlemen, and you may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. John Wilson.

The CHAIRMAN. Mr. Wilson, will you come around, please, sir?

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILSON. I do.

### TESTIMONY OF JOHN L. WILSON

The CHAIRMAN. State your name and residence and business occupation.

Mr. WILSON. My name is John L. Wilson, St. Louis, Mo. I am executive vice president of Anheuser-Busch.

The CHAIRMAN. Thank you very much. You have discussed, I assume, with members of the staff of the committee the testimony that you may be able to give?

Mr. WILSON. I have.

The CHAIRMAN. You understand the rules of the committee, of course, and you are entitled to counsel if you desire, to accompany you while you testify, and advise you on your legal rights?

Mr. WILSON. I do.

The CHAIRMAN. Do you waive counsel?

Mr. WILSON. I do.

The CHAIRMAN. Thank you very much. Proceed.

Mr. KENNEDY. Mr. Wilson, first could you give us a little bit of your background, where you come from originally, and where you were born?

Mr. WILSON. I was born in Ohio, sir.

Mr. KENNEDY. Whereabouts in Ohio?

Mr. WILSON. Springfield.

Mr. KENNEDY. And you moved to St. Louis when?

Mr. WILSON. I moved to St. Louis in 1944.

Mr. KENNEDY. What position did you hold then?

Mr. WILSON. President of the St. Louis Public Service Co.

Mr. KENNEDY. Until what time?

Mr. WILSON. Until 1951, in July of 1951.

Mr. KENNEDY. What did you do then?

Mr. WILSON. I became associated with Anheuser-Busch as vice president and financial officer.

Mr. KENNEDY. You held that position and still hold that position?

Mr. WILSON. No, sir. I held that position until July of 1956 or thereabouts, at which time I was elected executive vice president of the company.

Mr. KENNEDY. That is the position you hold at the present time?

Mr. WILSON. That is correct, sir.

Mr. KENNEDY. Now, you have had some dealings with Mr. Dave Beck, is that correct?

Mr. WILSON. I have had some conversations with Mr. Dave Beck, and I—

Mr. KENNEDY. You are a friend of Mr. Beck?

Mr. WILSON. I know Mr. Beck; yes.

Mr. KENNEDY. I think you described yourself last night as a friend of Mr. Beck's; is that correct?

Mr. WILSON. I would say so, and I know Mr. Beck on a friendly basis.

Mr. KENNEDY. How long have you known him?

Mr. WILSON. To answer that question specifically, Mr. Kennedy, I think that I met Mr. Beck sometime within the past 5 years or so, and it is possible that I may have met him at some time previous to that.

Mr. KENNEDY. Did you meet him in connection with your work—Excuse me, have you finished?

Mr. WILSON. Yes, sir.

Mr. KENNEDY. Did you meet him in connection with your work at Anheuser-Busch?

Mr. WILSON. I made Mr. Beck's acquaintance at some point, and it was possible that was in connection with Anheuser-Busch, or I may have met him at some meeting and I have been introduced to him at some time and I can't recall the exact facts.

Mr. KENNEDY. I understood from Mr. Ingamills' testimony that Anheuser-Busch does not sell franchises, but they grant distributorships, is that right?

Mr. WILSON. Anheuser-Busch has no franchises.

Mr. KENNEDY. But they grant distributorships.

Mr. WILSON. Wholesalerships, or distributorships, whichever term you prefer.

Mr. KENNEDY. Now, is there a contract that goes into that, and they make a contract with the distributorship?

Mr. WILSON. No, sir.

Mr. KENNEDY. What are the arrangements as far as cutting off the distributorship?

Mr. WILSON. That can be terminated on any shipment.

Mr. KENNEDY. On any shipment?

Mr. WILSON. Yes, sir.

Mr. KENNEDY. So that you could call up someone, Anheuser-Busch could call up a distributor and say, "We are stopping your distributorship tomorrow."

Mr. WILSON. That is possible.

Mr. KENNEDY. You can do that?

Mr. WILSON. Yes, sir.

Mr. KENNEDY. And if you become dissatisfied with the distributor, you can just terminate it immediately?

Mr. WILSON. If you so desire.



Mr. KENNEDY. Now, I notice, and I am sure that you have heard the testimony, and you were here in the room and heard the testimony that Anheuser-Busch had become quite dissatisfied with Mr. Dave Beck, and with the K. & L. Distributing Co. out in the State of Washington. Could you tell the committee whether you had any dealings with that distributorship, and whether you personally heard of any dissatisfaction with them?

Mr. WILSON. All the correspondence that was referred to and identified by Mr. Ingamills was prior to my association with Anheuser-Busch.

Mr. KENNEDY. Did you have any dealings with the K. & L. Distributing Co. yourself?

Mr. WILSON. Any direct dealings with them?

Mr. KENNEDY. Yes, any direct dealings with them or regarding them.

Mr. WILSON. The only dealings I had with the K. & L. Beverage Co. was an extension of credit.

Mr. KENNEDY. Excuse me?

Mr. WILSON. An extension of credit.

Mr. KENNEDY. What were the circumstances in that?

Mr. WILSON. That was at the time Mr. Levine purchased Mr. Beck's interest.

Mr. KENNEDY. Would it have been possible for Mr. Levine to have purchased Mr. Beck's interest if the extension had not been granted by Anheuser-Busch?

Mr. WILSON. I couldn't answer whether it would have been possible or not. Mr. Levine stated that he needed credit and we were willing to cooperate with him.

Mr. KENNEDY. Did Mr. Beck suggest to you also that this credit be granted?

Mr. WILSON. No, sir; he did not.

Mr. KENNEDY. Did you ever have any discussions with him about that?

Mr. WILSON. About the credit; no, sir.

Mr. KENNEDY. You never had any at all?

Mr. WILSON. No, sir.

Mr. KENNEDY. Were there some discussions about the purchasing by Anheuser-Busch in 1952 of this distributorship?

Mr. WILSON. Discussions with whom?

Mr. KENNEDY. Within your company, and were there discussions about that matter?

Mr. WILSON. Yes, sir.

Mr. KENNEDY. How did that come about?

Mr. WILSON. To the best of my recollection, Mr. Beck called and said that he would like to sell that operation out there and his attorney, Mr. Wampold I believe was the name, came to St. Louis to discuss the possibility of us taking over that.

Mr. KENNEDY. Is that Mr. Simon Wampold?

Mr. WILSON. I believe so; yes, sir.

Mr. KENNEDY. Mr. Simon Wampold was the attorney for the teamsters at the time?

Mr. WILSON. I don't know whether he was attorney for the teamsters or not, and I talked to him as representing Mr. Beck.

Mr. KENNEDY. He came to St. Louis as a representative of Mr. Beck?

Mr. WILSON. That is correct.

Mr. KENNEDY. And you had discussions with him?

Mr. WILSON. I had a discussion with him at St. Louis; yes, sir.

Mr. KENNEDY. What was the result of that discussion?

Mr. WILSON. The result of that discussion was that we considered the possible purchase of that operation, and the establishing of a branch, a direct operating branch of Anheuser-Busch in Tacoma.

Mr. KENNEDY. At that time, as I understand it, the liabilities of that company were approximately \$88,000?

Mr. WILSON. I don't recall the exact figure, and I think that you have the statement there that shows that. It shows whatever it was.

Mr. KENNEDY. Was that approximately right, as you remember it?

Mr. WILSON. As I recall it, it seems to me, yes.

Mr. KENNEDY. And the assets at that time were approximately \$50,000? Do you remember that?

Mr. WILSON. I don't remember the exact figures.

Mr. KENNEDY. Do you remember whether that is approximately correct?

Mr. WILSON. I couldn't say. You have the statement there, and whatever it shows.

Mr. KENNEDY. I am trying to get it from you. Do you know if that was approximately the figures?

Mr. WILSON. I don't remember the exact figures, and whatever they are on that statement.

Mr. KENNEDY. I think that you have a copy of the statement in front of you, yourself.

Mr. WILSON. The statement that is here shows that the assets were \$76,000, and the current liabilities were \$88,000, and there was a stock equity in there.

Mr. KENNEDY. The \$76,000 includes, for assets, \$23,800 for goodwill?

Mr. WILSON. That is what is shown on this statement.

Mr. KENNEDY. Do you include goodwill? Does Anheuser-Busch include goodwill in these purchases?

Mr. WILSON. As far as goodwill is concerned, Mr. Kennedy, we have to take the overall position that a wholesalership of Anheuser-Busch has no real value, because we have the right to withdraw that wholesalership at any time on any shipment.

Now, certainly when a wholesalership has been in operation for quite some time and has done a good job for Anheuser-Busch, there is a debatable item there.

Mr. KENNEDY. Tell me this: Do you include ordinarily an amount for goodwill when you make an arrangement of this kind?

Mr. WILSON. The arrangements? What do you mean by "arrangements of this kind"?

Mr. KENNEDY. When you are figuring out the assets, would you include ordinarily or give them an allowance for goodwill of several thousands of dollars?

Mr. WILSON. Well, in considered deals of this type, there are not many. You would have to take each individual deal and judge it on its merits, Mr. Kennedy.

Mr. KENNEDY. Tell me this: Do you know of any other instance when you have put into the assets, goodwill?

Mr. WILSON. Maybe not exactly as goodwill, but—

Mr. KENNEDY. Have you ever written into any other balance sheet such as this, the goodwill?

Mr. WILSON. Have we ever? I couldn't answer that.

Mr. KENNEDY. Do you know of any other time that you ever have?

Mr. WILSON. I don't know specifically of any items of goodwill that are set forth; no, sir.

Mr. KENNEDY. We have a memorandum here taken from the files of Anheuser-Busch, and I will show it to you, and it is dated October 2, 1955. I do not, however, have Mr. Ingamill's memorandum of August 4 to Mr. Flanigan in which he says: "When you write the appointment letter be sure to tell Flaherty that he purchases no goodwill or vested interest in the distributorship."

Wasn't that a policy?

Mr. WILSON. That is a policy of Anheuser-Busch.

Mr. KENNEDY. Yet it was included in this.

Mr. WILSON. You asked me what was in the statement, Mr. Kennedy, and that shows what is in the statement.

Mr. KENNEDY. Is that an ordinary matter to be included in the statement?

Mr. WILSON. I can't tell what people do. There are many, many corporations, and we have many wholesalers, and how they write their statement is their business.

Mr. KENNEDY. Do you know of any other instance when it was included?

Mr. WILSON. I don't look at wholesalers' statements.

Mr. KENNEDY. What is the answer, then? Do you know of any other instance?

Mr. WILSON. Do I know of any? No, I do not.

Mr. KENNEDY. Now, even including the \$23,800 of goodwill, which would give the assets of \$76,727.48, the liabilities were \$88,120.51, so the liabilities exceeded the assets by approximately \$12,000, is that right?

Mr. WILSON. That is what it says on the statement and that is all I can answer your question for. It says \$76,000 worth of assets and then it says \$88,000 was the liabilities and then it shows the stockholders equity of \$11,000.

Mr. KENNEDY. Does it show that the liabilities exceed the assets by approximately \$12,000?

Mr. WILSON. As it shows on this statement, that is what it states, yes.

Mr. KENNEDY. Now, I want to show you the letter which I believe has a note by you on it.

The CHAIRMAN. Let this document be presented to the witness for identification.

Mr. KENNEDY. He has a copy of it.

The CHAIRMAN. Call his attention to the document, then.

Mr. KENNEDY. Would you identify the memorandum dated October 16, 1952?

Mr. WILSON. Yes, sir; that is here.

Mr. KENNEDY. In this memorandum we see that it analyzes this balance sheet, and disallows the goodwill of \$23,800; is that right?

Mr. WILSON. The letter quoting it says, as you point out, "We would not want to capitalize anything for goodwill in any event."

Mr. KENNEDY. Then also \$807 due from officers, and a deficit in excess of capital stock of \$11,893, making a total of \$36,000 that they feel should not be included in the assets of the corporation. That had been included in the balance sheet.

Mr. WILSON. Well, it states in the letter, in here, as I pointed out, the letter quoting says, "As you point out, we would not want to capitalize anything for goodwill in any event."

The CHAIRMAN. Let the Chair see if he understands this.

After you evaluated their financial statement, that showed assets of \$76,000, you concluded, or your company concluded that the real assets were only about \$40,000.

Mr. WILSON. Well, Senator, I couldn't state what our conclusion was as to the real assets at that time. This letter which is from a Mr. Louesa who is assistant manager of our tax department, makes those statements in here.

The CHAIRMAN. That was at least his viewpoint.

Mr. WILSON. That is correct, sir.

The CHAIRMAN. That was the advice he was giving?

Mr. WILSON. He did not give advice, and he just stated—

The CHAIRMAN. He was reporting the fact to the company for its information upon which it should act?

Mr. WILSON. That is correct, sir.

Mr. KENNEDY. Then it would appear from this memorandum that the assets were worth approximately \$50,000, and the liabilities were approximately \$88,000, and the assets were worth only about \$50,000.

Mr. WILSON. Well, you have gone over that, Mr. Kennedy.

Mr. KENNEDY. Is that what appears from this memorandum?

Mr. WILSON. It says in the memorandum here that you come out with \$36,000.

Mr. KENNEDY. \$36,000?

Mr. WILSON. That is what the memorandum states.

Mr. KENNEDY. You had approximately \$36,000 of liabilities—the company had liabilities of approximately \$36,000, exceeding the assets, and yet I note from this memorandum that you stated—or gave your permission to pay \$80,000 for this company?

Mr. WILSON. That is what it states on this memorandum, yes.

Mr. KENNEDY. Can you tell the committee when the company has liabilities of approximately \$36,000 exceeding its assets, no goodwill, and you offered to pay \$80,000 from Anheuser-Busch for the company when you could cut it off like that?

Mr. WILSON. I will have to answer that in two parts: One, you say you can cut it off like that. Yes, you can. The beer business is a very sensitive business. When you have a wholesaler selling Budweiser and you go in and cut him off without somebody to replace him, you lose your distribution immediately. And if you lose your distribution, and nobody to represent you, nobody is going to be interested in selling your product on the retail level and they are going to get out of it. And the consumer, even though he asks for it, will not have any available to him. That is one part of your question.

The CHAIRMAN. Mr. Wilson, may I interrupt there?

If you could plan a little ahead, you would not have to cut him off today. If you decided today you wanted to get rid of him, you could plan ahead and get somebody to take over immediately.

Mr. WILSON. Provided you could get somebody to take over; yes, sir, you could.

Mr. KENNEDY. You had a request from somebody to take over.

Mr. WILSON. That I don't know.

Mr. KENNEDY. Did you not study the file before you made the analysis?

Mr. WILSON. They came in—I say they came in—Mr. Wampold came in and wanted to sell this wholesalership. As a considered business judgment, we were willing to offer up to \$80,000. Whether that was good business judgment, or whether that business judgment was good or bad, the only evidence I have is of this interested party, so far as I know, to purchase this business for \$85,000.

Mr. KENNEDY. What is the basis on which you arrived at the figure of \$80,000 that Anheuser-Bush was willing to purchase this for when they could get it for nothing?

Mr. WILSON. If you want to say "Could they get it for nothing"—no, they couldn't get it for nothing. They could cancel the wholesalership. They couldn't go in and capture any assets that belonged to somebody else.

Mr. KENNEDY. There were no assets. There were liabilities.

Mr. WILSON. The man had something there, didn't he? Didn't he have inventory; didn't he have equipment?

Mr. KENNEDY. He had assets and liabilities that exceeded those assets by approximately \$35,000. An analysis of the file for the previous 5 years would show that you had nothing but trouble from Dave Beck.

Mr. WILSON. Yes, but your statement was that we could go in and take that away from him.

Mr. KENNEDY. Correct.

Mr. WILSON. We couldn't take his company away from him. We could cancel his right to distribute Budweiser.

Mr. KENNEDY. Correct; and you could have taken it over yourselves for nothing.

Mr. WILSON. No, we couldn't have taken it over ourselves unless we had the proper licenses. We have to deal with 48 States in the distribution of alcoholic beverages and there are probably 48 plus different sets of rules and regulations.

Mr. KENNEDY. Let me ask you this, Mr. Wilson: Did you ever make any request of Mr. Beck to perform any labor services for Anheuser-Busch?

Mr. WILSON. I had some discussions with Mr. Beck, and one request that I made of him was in connection with some labor difficulties that we had in the construction of our Los Angeles plant.

Mr. KENNEDY. Could you tell me first, in your position, were you handling the labor industrial relations for Anheuser-Busch?

Mr. WILSON. Industrial relations reported to me in the final analysis.

Mr. KENNEDY. During this period of time?

Mr. WILSON. During that period of time.

Mr. KENNEDY. Whom were you requested by to interfere or to intervene in the Los Angeles matter?

Mr. WILSON. Well, we all knew that we had a strike at our Los Angeles plant while it was under construction.

Mr. KENNEDY. Were the teamsters involved in that?

Mr. WILSON. No, sir, the teamsters were not involved in it.

Mr. KENNEDY. Why would you go to Mr. Dave Beck?

Mr. WILSON. Thinking that Mr. Dave Beck knew something about unions—and we were trying to get advice as to how we could get this strike stopped and our plant to continue under construction. We had a \$20 million investment that we were getting ready to brew Budweiser on the Pacific coast and we didn't want that construction work tied up. I would go to anybody for advice. If I thought you could give me advice, I would go to you when we had problems at that time.

Mr. KENNEDY. What was the problem in Los Angeles? What were the unions involved?

Mr. WILSON. We apparently had two problems there. We had a problem on the installation of window sash, and we had the problem of who was going to—those were jurisdictional things—as to who was going to make these installations. And the other one was on the construction of some type of a pipeline—I couldn't describe it accurately to you—in your plant, as to who was going to do the work.

(At this point, Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. You made a request of Mr. Dave Beck, president of the Western Conference of Teamsters, to assist you in this matter?

Mr. WILSON. Yes. I asked Mr. Beck. I called Mr. Beck and asked him any advice that he had to give to us and any help he could give to us, that we would appreciate it very much.

Mr. KENNEDY. Would you identify this telegram dated January 13 to Mr. John Wilson, signed by Dave Beck?

Mr. WILSON. Yes, sir.

Mr. KENNEDY. Would you read that into the record, please?

Mr. WILSON. Yes, sir.

This was dated January 13, and it says:

Our people in Los Angeles are working hard on your situation and advise me they are quite sure there will be no tieup. I am insisting on program set out to you and I will contact president of National Building Trades Thursday morning insisting on his intervention. I will be in Seattle until Friday morning.

Mr. KENNEDY. What conversations had you had with Mr. Beck that brought about this telegram?

Mr. WILSON. The ones that I related to you a minute ago.

Mr. KENNEDY. What does he mean by "our people in Los Angeles are working hard on your situation"? Is that on this strike that was taking place?

Mr. WILSON. That was on the strike that was down there. His Los Angeles representatives were working. What he says in the wire is that his Los Angeles people are sure that there will be no work tieup.

(At this point, Senator McClellan entered the hearing room.)

Mr. KENNEDY. Why would he have the teamster people—the teamster representative—interfering in a strike in Los Angeles in which the teamsters had no interest, because of the request from Anheuser-Busch?

Mr. WILSON. As soon as that plant was completed, the way I can answer that, as soon as that plant was completed there would be a lot of teamsters employed by the plant.

(At this point, Senator Ives withdrew from the hearing room.)

Mr. KENNEDY. And for that reason, he would intervene in the strike?

Mr. WILSON. Well, I would seem to think so.

Mr. KENNEDY. Did you point that out to him?

Mr. WILSON. I don't recall specifically, Mr. Kennedy, whether I did or not.

Mr. KENNEDY. Did you call him or did you have a meeting with him, or what?

Mr. WILSON. No. I called him.

Mr. KENNEDY. You called him on the telephone?

Mr. WILSON. Yes, sir.

Mr. KENNEDY. And it says in here in the second sentence "I am insisting on program set out to you." What was the program?

Mr. WILSON. I don't recall of any program except cooperation with us and the contractor. The strike was not against us. The strike was against the contractor that had the contract to construct the plant.

Mr. KENNEDY. You do not have any recollection as to what he meant when he said, "I am insisting on program set out to you"?

Mr. WILSON. Other than a program that these people would get these disputes settled and that there would not be any tieup on there, which he specifies in here.

Mr. KENNEDY (reading):

And I will contact president of National Building Trades Thursday morning insisting on his intervention.

Mr. WILSON. The building trades were the ones that were on strike, members of the building trades.

Mr. KENNEDY. And this was all based on your request, Mr. John Wilson's request, to Mr. Dave Beck up in Seattle when he sent this telegram?

Mr. WILSON. I would assume so; yes.

Mr. KENNEDY. That he was having teamster officials intervene in Los Angeles.

I am insisting on program set out to you and I will contact president of National Building Trades Thursday morning insisting on his intervention.

This was all based on your request to him?

Mr. WILSON. As far as I know it was.

Mr. KENNEDY. During this period of time, the K. & L. distributorship was still operating in the State of Washington; is that right?

Mr. WILSON. Yes.

Mr. KENNEDY. And there was a contract, there was a relationship, between Anheuser-Busch in St. Louis and the K. & L. Distributing Co. in the State of Washington?

Mr. WILSON. The K. & L. are still our distributors and, according to the records, they were appointed back in 1946, so that would be a correct statement; yes, sir.

Mr. KENNEDY. Did you ask Mr. Beck's advice on any other matters that you were having any difficulty on?

Mr. WILSON. Yes. You have conversations with people. I think, and this is always a matter of opinion, I think it is always to our

advantage, public-relations-wise, to be on a friendly basis with everybody that you can, any union official, or any operation, whether it is large or small, in the local level or others. It certainly doesn't pay to antagonize people and keep up a constant bickering. Certainly it is to your advantage to be on friendly terms, whether they are bankers or whether they are other businessmen, whether they are security underwriters, or whether they are labor officials.

Mr. KENNEDY. Is that why you offered \$80,000 for the beer distributorship up in the State of Washington which had liabilities of \$30,000?

Mr. WILSON. Is what the reason?

Mr. KENNEDY. Is that the reason that you wanted to stay on friendly terms with Mr. Dave Beck?

Mr. WILSON. Not exactly; no.

Mr. KENNEDY. Is that part of the reason?

Mr. WILSON. Not necessarily; no, sir.

Mr. KENNEDY. Don't say not necessarily. Was it part of the reason?

Mr. WILSON. No; that wasn't part of the reason.

Mr. KENNEDY. Did it have anything to do with it?

Mr. WILSON. No.

Mr. KENNEDY. That you wanted to stay on friendly relationships?

Mr. WILSON. No. I feel, and this is only a personal opinion, I feel that public-relations-wise it is not well for any labor union official to have a wholesalership.

Mr. KENNEDY. Is that what you feel?

Mr. WILSON. That is my personal opinion.

Mr. KENNEDY. You don't think it is wise?

Mr. WILSON. I don't think it is wise, public-relations-wise.

Mr. KENNEDY. Did you tell that to Mr. Beck?

Mr. WILSON. No, I didn't tell that to Mr. Beck.

Senator KENNEDY. When you say public-relations-wise, will you explain what you mean by that?

Mr. WILSON. Well, Senator Kennedy, the labor unions are pretty large and a pretty powerful force in this country. We deal with many of them. Certainly, if you have a member of some union, an officer of some union, in a wholesalership, it is possible that it could react against you in dealing with the other unions.

Senator KENNEDY. In other words, you could not have a normal business relationship with the head of your strongest union within your company; is that correct?

Mr. WILSON. I wouldn't say that you couldn't have a normal business relationship, but I repeat that I don't think public-relations-wise, it is good business for an official of a labor union to be a wholesaler.

Senator KENNEDY. Do you think you had a normal business relationship with Mr. Beck?

Mr. WILSON. All of the business relationships between Anheuser-Busch and Mr. Beck were established long before my tenure with Anheuser-Busch.

Senator KENNEDY. Do you think that the company had a normal business relationship, with what you know of it, with Mr. Beck?

Mr. WILSON. It seems that their business relationships had gone along on a pretty good basis. It seems that Mr. Levine had done a



pretty good job. He is still our wholesaler out there. We are trying in every way we can to cooperate with him.

Senator KENNEDY. In other words, then, Mr. Wilson, you say that the Anheuser-Busch relationship with Mr. Beck was a normal business relationship, that you did not give Mr. Beck any more favored treatment than you would have given any other wholesaler; all the exchanges and memorandums which we have seen in the record this morning indicating the tremendous difficulties you had with Mr. Beck, senior and junior, during this period, that is the normal relationship, and you treated him no differently than you would have treated any other wholesaler?

Mr. WILSON. Well, the record that was read in here to this committee this morning shows that they would prefer that Mr. Beck be not interested in the wholesaling.

Senator KENNEDY. In other words, it was not a normal business relationship.

Mr. WILSON. That is apparent.

Senator KENNEDY. That is apparent?

Mr. WILSON. That is apparent from the record that I heard read this morning.

Senator KENNEDY. If it is not normal, for what reason did Anheuser-Busch continue the relationship, if it was not normal? Was it because he was head of the union?

Mr. WILSON. I couldn't answer that question, Senator Kennedy. When I went to Anheuser-Busch, the first time that it came to my attention, it was that Mr. Beck was interested in our wholesalership at Seattle. Then I discovered later that he was at Tacoma. As far as any difficulties are concerned, the next I knew is when he wanted to sell out the Tacoma operation, and then when Mr. Levine wanted to buy out Mr. Beck. Those are the personal contacts that I had, and I don't think I should speak for the opinion of anybody else.

Senator KENNEDY. Did you extend abnormal credit to Mr. Levine in order to purchase out Mr. Beck?

Mr. WILSON. We extended to Mr. Levine a credit in the amount of \$112,500, and Mr. Levine gave us a note for that, which he paid on schedule, or practically on schedule. I mean, the records will show whatever it was.

Senator KENNEDY. Is that a normal credit relationship?

Mr. WILSON. We support a lot of wholesalers, at times, when it is necessary to help them along through some of their difficulties.

Certainly when Mr. Levine was in a position to terminate his relationship with Mr. Beck and take this over, certainly I think it was to our advantage to assist Mr. Levine in doing that. I expressed my opinion on union officers having our wholesalerships, my personal relationships.

Senator KENNEDY. Public relations-wise is the only reason that you do not think it is desirable?

Mr. WILSON. I don't think it is desirable.

Senator KENNEDY. Generally?

Mr. WILSON. That is correct.

Senator KENNEDY. For it is not possible for a company to have a normal business relationship with the head of their largest union, and your relationships were definitely abnormal, Mr. Wilson, from all of the records that we have seen this morning.

Mr. WILSON. That is what the records show here, yes.

Senator KENNEDY. Thank you.

The CHAIRMAN. In other words, in retrospect, it was bad policy.

Mr. WILSON. That is my personal opinion, Senator, yes.

The CHAIRMAN. Senator Mundt?

Senator MUNDT. Mr. Wilson, I gather from your testimony that you will answer this question in the affirmative. Was one of the motivating factors in your granting this \$112,500 loan to Mr. Levine the fact that you wanted to terminate, if possible, the relationships which the teamsters union officials had established with your distribution system?

Mr. WILSON. Senator, you said terminate the relationship that we had with the teamsters union?

Senator MUNDT. Teamsters union officials in your beer distributorships?

Mr. WILSON. Yes. Mr. Levine had an opportunity to take over this, and I thought it was right and proper that we assist him. Again, repeating, I don't think it is good public relations for a union official to be interested in one of our wholesalerships.

Senator MUNDT. I was simply trying to establish for the record that you probably bet a little more on Mr. Levine than you normally would, because this was a factor, and fortunately for Anheuser-Busch and all concerned that paid off and he paid his note and everything worked out fine.

Mr. WILSON. Everything worked out fine.

I could not answer your question specifically as to whether we gave him more than we normally would. We would have to analyze the facts and conditions governing the situation where a wholesaler needed help. But it looked like it was a very good business risk. In our judgment, it was a good business risk, and it has proved out to be so.

Senator MUNDT. It had another element in it than just besides the business risk. Businesswise you were doing all right before.

Mr. WILSON. That is correct. However, I might answer your question this way, that recently we have extended credit to Mr. Levine far and above any credit that was ever previously extended him, and the total credit that was extended to him in the purchase of Mr. Beck's interest.

Senator MUNDT. Yes. But he has a bigger establishment now, and he is a bigger operator than he was at that time.

Mr. WILSON. Well, there is always conditions. Looking at the record—

Senator MUNDT. These are not strictly signature loans that you are making. You make them on the basis of the man's character and reputation, of course, but also on the basis of the extent of his business; is that not correct?

Mr. WILSON. Well, yes. I understand, to show you how conditions alter cases, that the reason Mr. Levine's credit was extended in very large amount recently is to get a large shipment of Budweiser into Alaska before a certain tax became effective. So we shipped him 19 carloads of Budweiser to go into the Alaska market before the tax went on, an increased tax.

The CHAIRMAN. Are there any further questions?

Mr. Counsel?

Mr. KENNEDY. I was asking you, Mr. Wilson, if you went to Mr. Beck to ask his help or assistance in any other labor matter.

Mr. WILSON. I have asked Mr. Beck's advice.

Mr. KENNEDY. Will you tell us about that?

Mr. WILSON. Well, I have asked Mr. Beck's advice at the time we went into California with the construction of a plant out there, and the relationship that they had with the California Brewers Institute, which is an association of brewers in the State of California.

Mr. KENNEDY. What kind of advice did you want from him?

Mr. WILSON. I wanted to see what the relationships with the teamsters were with the California Brewers Institute. There were some matters in controversy about the California Brewers Institute, and some people thought that the California Brewers Institute was fine and some people thought it wasn't. I wanted to see what their relations were with the California brewers.

Mr. KENNEDY. Do you mean the teamsters relationships?

Mr. WILSON. The teamsters relationships.

Mr. KENNEDY. Your people out in California couldn't find that out themselves; you had to go to Mr. Dave Beck to find that out?

Mr. WILSON. Mr. Dave Beck was head of the teamsters, or at least the gentlemen presumed to be in power in the teamsters at the time that that plant was started.

Mr. KENNEDY. Yes, but couldn't your people out in California find that out for you? Why did you go to Mr. Dave Beck?

Mr. WILSON. Who would you normally go to, if you wanted the top advice, Mr. Kennedy?

Mr. KENNEDY. Didn't you have some representatives at California that could find that out?

Mr. WILSON. We have sales representatives all over the United States; yes, sir, answering your question.

Mr. KENNEDY. And they couldn't find out in California what the situation was?

Mr. WILSON. You get different answers from a lot of people on a lot of different levels. I don't know your association in business, but you will find that. When you want the direct answer to some things in the matter of advice sometimes you go to the people that can give it to you.

Mr. KENNEDY. Did you request his advice or his assistance in any other matter?

Mr. WILSON. Yes. I have asked his advice in other matters.

Mr. KENNEDY. What was that?

Mr. WILSON. Well, I happened to ask his advice in Chicago at one time.

Mr. KENNEDY. In connection with what?

Mr. WILSON. In connection with the attitude of the unions on a matter, and discuss it with him, that was up in California with the California Brewers Institute.

Mr. KENNEDY. What was the matter that you wanted to discuss with him in Chicago?

Mr. WILSON. There was a problem at that time that some of the brewers were in favor of opposing very strongly a wage increase and some weren't.

Mr. KENNEDY. You went to Mr. Beck to find out what?

Mr. WILSON. I happened to be in Chicago at a meeting and I happened to find out that the teamsters were holding a meeting in the same hotel. So I went down to discuss it with Mr. Beck.

Mr. KENNEDY. What did you find out? What did you ask Mr. Beck?

Mr. WILSON. I can't tell you specifically the question that I asked him.

Mr. KENNEDY. What information were you trying to find out from Mr. Beck?

Mr. WILSON. I was trying to find out what his opinion was of their California operation in relation to this proposed contract that was up there.

Mr. KENNEDY. What did he tell you at that time?

Mr. WILSON. Well, he told me that he felt that—I am hesitating on answering your question, because you are going into a lot of relationships between brewers in this business. I asked Mr. Beck at that time whether he felt that the California brewers were taking a very strong position on this, and after conferring with some of his people, he said that he didn't think that they were. In sum and substance, that is it.

Mr. KENNEDY. Take a very strong position on what?

Mr. WILSON. On opposing the contract that was trying to be put through by the teamsters with the California Brewers Institute.

Mr. KENNEDY. And he then checked with his people in California to find out whether the brewers were taking a strong position or not?

Mr. WILSON. Whether he felt or whether he thought that the California brewers would take a strong position in opposition to this large wage increase that they were asking.

Mr. KENNEDY. Why would you go to Mr. Dave Beck to find that out? Couldn't you go to the brewers and find that out?

Mr. WILSON. Perhaps.

Mr. KENNEDY. Why did you go to Mr. Beck?

Mr. WILSON. Perhaps you couldn't.

Mr. KENNEDY. Why couldn't you?

Mr. WILSON. He was there. He was there in Chicago. He happened to be there, so I asked him.

Mr. KENNEDY. Did he make a telephone call then to California to find out from his people?

Mr. WILSON. I don't know whether he made a telephone call or whether there were some of his California representatives there who were familiar with the situation. This was, as I understand it, an over-all meeting.

Mr. KENNEDY. Was that to establish the future policy of Anheuser-Busch?

Mr. WILSON. No. Anheuser-Busch was only one brewer out of many that are members of the California Brewers Institute.

Mr. KENNEDY. You just wanted to find out what the policy of the brewers was in California?

Mr. WILSON. I wanted to find out whether they felt that some of the brewers in California that were domiciled there would take a very strong position in opposition to this that some of us thought was a very strong wage increase.

Senator MURDER. Mr. Chairman?

Mr. Wilson, was Mr. Samish connected with the California Brewers Association at that time?

Mr. WILSON. Senator, whether at that specific time or not, I don't know. Mr. Samish was and had been connected with the California Brewers Institute for quite some time.

Senator MUNDT. Could he not speak pretty authoritatively concerning the opinion of the California Brewers Association?

Mr. WILSON. I wouldn't say so on matters of that kind, with the various brewers.

Senator MUNDT. He was apparently representing them rather adequately at Sacramento at that time.

Mr. WILSON. I think he was their—I don't know whether lobbyist was the correct term or not, but he was employed by the California Brewers Institute. At that particular time, whether Mr. Samish was still employed or whether he had difficulty, I couldn't answer as to those dates.

Senator MUNDT. Maybe you better call him a functionary instead of a lobbyist. There are a lot of lobbyists in this town that would not like to follow the pattern followed by Mr. Samish. But he was a functionary, certainly. I want to see whether this is the era of the czarism of Samish.

Mr. WILSON. I think Samish is out of circulation and has been for some time.

Senator MUNDT. But the time we are talking about now, I wonder if this is during the time that Mr. Samish was the functionary of the California Brewers Association.

Mr. WILSON. I couldn't answer that question specific. I am of the opinion, and this is merely a guess, that he was not at that time.

Senator MUNDT. We can probably get it out of the realm of conjecture and make it easier, if I ask you this question: Did you know Mr. Samish?

Mr. WILSON. I had met Mr. Samish; yes, sir.

Senator MUNDT. Did you work with Mr. Samish in connection with the California problems? Did you go to him for advice as you did with Mr. Beck?

Mr. WILSON. I never worked with Mr. Samish except in meetings of the California Brewers Institute, shortly after we became members.

Senator MUNDT. You discussed with him these differences of opinion in the membership of the Brewers Association; did you?

Mr. WILSON. No, sir.

Senator MUNDT. You did not advise with him concerning the same problems you advised with Mr. Beck?

Mr. WILSON. No, sir.

The CHAIRMAN. Senator Goldwater?

Senator GOLDWATER. Mr. Wilson, do you deal with many unions in your breweries?

Mr. WILSON. We have many, many unions, yes, all over the country.

Senator GOLDWATER. Would you know how many, approximately?

Mr. WILSON. No, sir, I couldn't answer that question. We have, in different parts of the country, for example, in our plants, we have different unions doing different jobs. You have what are known as the building trades or mechanical people, such as pipefitters and the

steamfitters and the carpenters, and so on down the line, in that category.

SENATOR GOLDWATER. Do you also operate breweries in communities in which there are other breweries?

MR. WILSON. That is correct.

SENATOR GOLDWATER. And these other breweries have the same unions to work with?

MR. WILSON. That is correct. Those contracts are generally jointly negotiated, either by an association or by joint negotiation.

SENATOR GOLDWATER. When you are about to negotiate a new contract, do you not customarily discuss with the business agent of the unions, the local unions involved with your business, the possibilities of the terms of your contracts being in other breweries and cities in which you are located?

MR. WILSON. Being in other portions of the United States?

SENATOR GOLDWATER. No. What I am trying to get at is that your asking advice of the head of a union, of a local union, is not an unusual thing in business?

MR. WILSON. To ask the advice of him?

SENATOR GOLDWATER. Asking the advice on a contract that you are about to negotiate.

MR. WILSON. Sure. You deal with the heads of the local unions on your negotiations. That is correct, sir.

SENATOR GOLDWATER. I am trying to get it correct, that your asking Mr. Beck about the situation in California is not an unusual question in business.

MR. WILSON. That is correct, sir.

SENATOR GOLDWATER. When you are about to make a decision involving—I imagine that plant out there ran into quite a few millions of dollars?

MR. WILSON. Yes, sir.

SENATOR GOLDWATER. It would be expected of you by your board of directors to ask anybody or everybody about a situation.

MR. WILSON. That is correct. That is correct, sir.

SENATOR GOLDWATER. I just want to establish that fact because I know in business that you ask everybody that you think has any idea about the situation.

MR. WILSON. Yes, sir.

SENATOR GOLDWATER. And it is customary to remain on friendly terms with your union representatives if you can.

MR. WILSON. Yes, sir.

SENATOR GOLDWATER. And it is customary, and tell me if I am wrong, for you to talk with those people about your contracts and about the contracts of your competitors?

MR. WILSON. Yes, sir.

SENATOR GOLDWATER. That is all, Mr. Chairman.

THE CHAIRMAN. All right, Mr. Kennedy.

MR. KENNEDY. Beyond this intervening in the Los Angeles strike, beyond the discussion that you had with him in Chicago, did you have other discussions or ask any other advice of Mr. Dave Beck regarding the labor problems or labor difficulties of Anheuser-Busch?

MR. WILSON. I can't recall specifically, Mr. Kennedy.

MR. KENNEDY. Well, generally?

MR. WILSON. Or generally, no, sir. No, sir.

Mr. KENNEDY. You never had any other conversations with him about any of your contracts?

Mr. WILSON. About any of our contracts? No, sir.

Mr. KENNEDY. You never did? Did you ever have any conversations with him about any of your potential contracts?

Mr. WILSON. I don't recall that I did. Any conversations that I would have specifically would be in generalities on union matters. You are always trying, Mr. Kennedy, to get the trend of things, or how things are going on, which direction they are heading.

Mr. KENNEDY. Did you go continuously to Mr. Beck or did you go frequently to Mr. Beck to get the trend of things?

Mr. WILSON. No, sir, I did not.

Mr. KENNEDY. Did you go occasionally to Mr. Beck to get the trend of things?

Mr. WILSON. What do you mean occasionally?

Mr. KENNEDY. How many times did you go to Mr. Beck?

Mr. WILSON. I don't think—since I have known Mr. Beck I have seen him on only very, very few occasions.

Senator MUNDT. Did you ever use the services of his friend Mr. Shefferman?

Mr. WILSON. No, sir.

Senator MUNDT. I may not have the name exactly right, but you know who I mean.

Mr. WILSON. I remember reading about a gentleman of such name in the public press in the not too far past.

Senator KENNEDY. Mr. Chairman?

I just want to get clear about the Chicago trip. You talked to Mr. Beck to find out whether the brewers in California were going to do what about the wage demands?

Mr. WILSON. I tried to find out from Mr. Beck whether he thought that the brewers that were domiciled in California would take a very strong position against the wage demands that were being made by the local group of teamsters that were negotiating these contracts.

Senator KENNEDY. What business was that of yours?

Mr. WILSON. Well, we were a part of that. There were some of us that thought we should take a very strong position.

Senator KENNEDY. Why do you go to the labor leader who has the responsibility to get the most he can for his members of his union to find out how stiff the opposition is going to be of the employers in California? Why do you not go directly to the employers and ask them?

Mr. WILSON. Sometimes it is a little difficult to get that answer.

Senator KENNEDY. I do not understand. I could understand you going to Mr. Beck to ask him how strong the demands were going to be of the union in California, though even that would be questionable if Mr. Beck told you, if it were not in the union interest. But why should you go to him to find out how stiff the employers' resistance was going to be to wage demands? I do not understand that relationship at all. Will you tell me again what possible reason would you go to Mr. Beck for? Did this involve competitors of yours?

Mr. WILSON. Yes.

Senator KENNEDY. In other words, you went to Mr. Beck, with whom you had this abnormal, unusual business relationship to find out

exactly what your competitors were going to do in regard to wage demands?

Mr. WILSON. What do you mean by an abnormal business relationship?

Senator KENNEDY. I have already discussed that with you, and it seems that there is no doubt that your relationship with Mr. Beck as a distributor in western United States was abnormal.

Mr. WILSON. O. K.

Senator KENNEDY. How about this what I would call abnormal request of Mr. Beck?

Mr. WILSON. I tried to answer your question that I was trying to find out, if I could, whether, in the opinion of the opposition, if we might call it that, that they felt that, shall we say, our defense was going to be united.

Senator KENNEDY. Your defense?

Mr. WILSON. The brewers. There were brewers that were not domiciled in California and there were brewers that were domiciled in California.

Senator KENNEDY. I think that is a very strange request to make of Mr. Beck. Do you think so or not, Mr. Wilson? I am interested in your approach toward this.

Mr. WILSON. No, I did not think so.

Senator KENNEDY. You think, in other words, that that was a reasonable request, a normal request?

Mr. WILSON. Let me try and describe this.

Senator KENNEDY. I am interested in your ethical approach and the Anheuser-Busch Co.'s toward this whole relationship.

Mr. WILSON. O. K. Let me say this, for example, Milwaukee had a long strike back in 1953, I believe, and they were all pretty well united. One brewer in Milwaukee broke out and settled a contract, settled their contract, behind the backs of the others. The others, of course were stuck with that contract. They had to go ahead with it.

I was just trying to find out, if I could, the opinion of Mr. Beck as to how strong he thought that his opposition was going to be with the brewers.

Senator KENNEDY. In other words, you wanted to find out whether it looked like any one of the brewers out there in California was going to, as you say, break out, as one of them did in Milwaukee, and give the union the increased wage demanded?

Mr. WILSON. In effect, yes.

Senator KENNEDY. Were you one of those companies in California that were engaged with the other brewers in negotiating with the union?

Mr. WILSON. Yes.

Senator KENNEDY. In other words, Mr. Wilson, you were interested in finding out confidential information which involved the teamsters union, and possible competitors of yours in California, to find out whether they were running out on you behind your back, is that correct?

Mr. WILSON. Well, I don't know that I would put it in those exact terms, but in the overall that would be something. In other words, suppose that you and I both had companies, and that we were negotiating a contract, and one of us decides that we are not going to fight very hard, we are not going to run the risk of taking



a strike and so forth. It is certainly to your advantage to know that, as to whether you are going to take a strong position and be out on a limb by yourself.

Mr. KENNEDY. Before he finishes, I just want to ask you on that strike in Los Angeles, going back to that for a minute, what happened on that matter?

Mr. WILSON. To the best of my recollection, Mr. Kennedy, that jurisdictional dispute was finally settled. I can't tell you the exact terms that that was settled.

Mr. KENNEDY. Do you understand that that was settled shortly after you received a telegram from Mr. Beck?

Mr. WILSON. I can't tell you whether it was settled after the telegram was received or before the telegram was received.

Mr. KENNEDY. It was right around that time?

Mr. WILSON. I assume so. You are asking me to answer you on dates and I can't tell you those dates. I just don't know.

Mr. KENNEDY. Can you remember that the strike was settled shortly or during the period of time or around the time that you received the telegram from Mr. Dave Beck?

Mr. WILSON. I would assume so. I can't be specific on that and those exact dates. All I can tell you is this, that construction did proceed on the plant.

Mr. KENNEDY. Did you understand that Mr. Beck's intervention assisted in the settling of that strike?

Mr. WILSON. I don't know whether it did or whether it did not.

Mr. KENNEDY. Do you think that that could have been a factor in settling the strike?

Mr. WILSON. I couldn't say whether it was or not. When you have labor difficulties with large plants, you are certainly going to exhaust every means that is at your command to try and get those people back to work because it is pretty expensive, not only for the employer but for the employee.

It affects the economy of the country and affects the employer.

Mr. KENNEDY. You do not know definitely what settled the strike?

Mr. WILSON. I can't tell you at this time definitely what did. I am sure that is on the record of the people that were handling that strike situation.

Mr. KENNEDY. The two things you do know are that Mr. Dave Beck intervened in the strike and No. 2, that the strike was settled?

Mr. WILSON. That is on the record. You have that.

(At this point Senator Goldwater left the hearing room.)

Senator KENNEDY. In the Milwaukee case, when that one brewer broke the line, did that mean that the other brewers had to accept the same wage increase?

Mr. WILSON. What else could they do?

Senator KENNEDY. In other words, the employees of all the breweries in Milwaukee received the same wage increase. It seems to me that that suggests that if in California one of the breweries had given in, that would have meant that all of the employes in that area, including the teamsters, would have received the same increase as this one brewery would have given.

So what you were attempting to do, indirectly, was to find out whether that was going to be done and the fact that Mr. Beck attempted to supply you with that information, which would help you

in your bargaining relationships, indicated that his interest was, it seems to me, very close to yours, and not primarily in the interest of the employees out there.

Is that a reasonable position or deduction to draw?

Mr. WILSON. I would think, Senator, that it would be to the interest of any labor-union leader, large or small, to keep his members employed on the best possible basis that he can keep them employed.

Senator KENNEDY. It was not quite that, it seems to me, Mr. Wilson. It seems to me that you were attempting to find out whether anybody was going to break the line in California and give what you might consider excessive and what they might not, the employees in that one brewery, excessive wage increases to the employees in that area.

It would seem to me that Mr. Beck, by discussing this with you, associated himself with you in a limitation on the wage increases of the employees in California.

Mr. WILSON. No, I would not say that.

Senator KENNEDY. Tell me about that. You were attempting to prevent what happened in Milwaukee which resulted in strong wage increases for employees in that area.

Mr. WILSON. I was not trying to prevent that. I was trying to determine, in our own mind, if some of the brewers felt that we should take a strong opposition to all of these things, whether they were justified in taking that strong opposition or not.

Senator KENNEDY. To find out whether one of them was going to break away.

Mr. WILSON. Whether one of them or several of them.

Senator KENNEDY. That you would be justified in taking a strong opposition? How do you mean justified? In other words, whether they would all sustain you?

Mr. WILSON. You certainly don't want to go out and take a strike with some breweries and have other breweries operating. This is a very highly competitive business. I hope you understand that. When your productivity is not available, people get used to drinking somebody else's and maybe they don't come back to you.

Senator KENNEDY. I want to state that it seems to me that in the first place you did not give the Budweiser distribution rights to the company which had it before the war, which I understand now does have an interest in it—the Cameo Brothers, or something.

Mr. WILSON. I could not answer that question. My employment started with Anheuser-Busch in 1951.

Senator KENNEDY. You gave this K. & L. Co., in which Mr. Beck had an interest, the biggest territory in the country. You had 4 or 5 years of great difficulty with him, but you did not break off your agreement, which you could have done as you had no contract.

You gave them special orders of beer that no one else could get. You offered to pay \$80,000 for the company, even though it had \$30,000 worth of debts. You extended Mr. Levine credit, not a credit comparable to the credit you extended him to get out of the tax in Alaska, but a credit to buy out another partner, which is an entirely different type of credit, and I doubt very much whether you engage in that type of credit activity very often throughout the country.

Then, at the same time, Mr. Beck was of assistance to you in a strike in Los Angeles—

Mr. WILSON. Yes; go ahead sir.

Senator KENNEDY. And you also went to him in Chicago—these are the only two records the committee has but there were other conversations—to give you what I consider, as a member of the labor committee, completely improper information, that that was an improper discussion with him, that the purposes for which you went were improper.

I think Mr. Beck, as you have stated, has engaged in an abnormal relation with you which is neither to Mr. Beck's credit or your company's.

The CHAIRMAN. Are there any further questions?

The document that has been testified to, of October 16, 1952, signed by Mr. R. A. Rawizza, of the tax department, will be made exhibit No. 139.

(The document referred to was marked "Exhibit No. 139" for reference and will be found in the appendix on p. 2469.)

The CHAIRMAN. Are there any further questions?

Senator MUNDT. Mr. Chairman, I think we ought to wrap up this Chicago thing.

I am not too clear in my mind whether there is anything improper or not about that, or what the motivating factors were.

I do not think anybody has answered the question, nor have you volunteered the information, as to what resulted from the conference. You went to see him, you had some questions and he gave you some advice. What happened, Mr. Wilson, as a consequence of the conference?

Mr. WILSON. The contract was finally negotiated by the California Brewers Institute at a higher figure than some of us thought it should be paid.

Senator MUNDT. So that labor did not suffer, then, as a result of the conference?

Mr. WILSON. That is correct, sir.

Senator MUNDT. And the strike was averted?

Mr. WILSON. Yes, sir.

Senator MUNDT. I would just like to have your opinion. I am not on the labor committee, but I am from a State which is on the verge of becoming a great industrial State, but which has not yet achieved that goal.

Is that a normal or proper or improper practice, for management to talk to union officials in an effort to avert a strike and settle wage disputes as a result of a conference rather than as a result of strikes?

Mr. WILSON. Yes, sir.

Senator MUNDT. You do not see anything improper about that?

Mr. WILSON. No, sir.

Senator MUNDT. I am not an authority on it. I do not see anything improper about it either. But I am wondering because I do not know.

Senator KENNEDY. I would like to state this: Mr. Wilson did not say he went to Mr. Beck in order to conduct wage negotiations with him. He went to find out what his competitors were going to do on wage negotiations, which is an entirely different matter.

Mr. WILSON. Senator Kennedy, I stated that I went to Mr. Beck to get his opinion as to how united all the opposition would be on what we thought was an excessive wage increase.

Senator KENNEDY. Was that information available to them?

Mr. WILSON. I would assume if they went there, they would have.

The CHAIRMAN. Thank you very much.

Mr. WILSON. Thank you, Senator.

The CHAIRMAN. You may stand aside.

The committee will recess until 2 o'clock.

(Present at the taking of the recess were Senators McClellan, Kennedy, Ervin, Mundt and Curtis.)

(Whereupon, at 11:45 a. m., the committee recessed to reconvene at 2 p. m., the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session were Senators McClellan and McNamara.)

The CHAIRMAN. Mr. Counsel, call your next witness.

Mr. KENNEDY. Mr. Fred Loomis.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth so help you God?

Mr. LOOMIS. I do.

#### TESTIMONY OF FRED P. LOOMIS

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. LOOMIS. Fred P. Loomis. I live at 8640 Northeast Sixth, Bellevue, Wash., and my office is at 1037 Henry Building, Seattle. I am an investment counsel.

The CHAIRMAN. You have talked to members of the staff, have you, regarding your testimony?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. Do you desire to have counsel present to advise you?

Mr. LOOMIS. I do not need it, sir.

The CHAIRMAN. Thank you very much.

Mr. LOOMIS. I hope.

The CHAIRMAN. Thank you, sir.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Loomis, tell the committee a little bit of your background, where you come from originally.

Mr. LOOMIS. I was originally from a Nebraska farm and I was educated at the University of Wisconsin. After World War I, I went to Seattle and I was in the banking business for 10 years. In 1931 I opened my own office as an investment counsel.

My experience in the 10 years in banking was in the investment division. I was in two Seattle banks.

Mr. KENNEDY. You have held many different accounts since you went in as an independent investment counselor?

Mr. LOOMIS. I didn't hear you.

Mr. KENNEDY. You have had many different accounts since you went in as an independent investment counselor?

Mr. LOOMIS. And I still do have.

Mr. KENNEDY. Mr. Loomis, at one time were you doing some work for Mr. Dave Beck?

Mr. LOOMIS. Yes, sir, I was.

Mr. KENNEDY. When did you first go to work for Mr. Dave Beck?

Mr. LOOMIS. I can't give the exact date, but it will be in the month of November or early December 1947.

The CHAIRMAN. To clarify that, you mean you were working for Mr. Beck personally, or for the teamsters?

Mr. LOOMIS. Personally.

Mr. KENNEDY. What position did you hold with Mr. Beck and what were you doing?

Mr. LOOMIS. He was a client of my office, along with 25 or 30 other people.

Mr. KENNEDY. You were advising him?

Mr. LOOMIS. Yes, sir.

Mr. KENNEDY. On what type of matters?

Mr. LOOMIS. The first problem which he assigned to me was an examination of the K. & L. Distributors Co. The question was, at what price should he buy this if he bought it, and he asked me to ascertain what was a fair price.

Mr. KENNEDY. Did you advise him on this and on other matters in subsequent years?

Mr. LOOMIS. Yes, sir.

Mr. KENNEDY. Ultimately, when he became the international president of the teamsters, did he also retain you as an adviser for the Brotherhood of Teamsters?

Mr. LOOMIS. Yes. That was in December of 1951. He asked me to advise him with respect to the investment of some \$30 million of liquid assets of the Teamsters International.

Mr. KENNEDY. What date was that?

Mr. LOOMIS. That was December 1952.

Mr. KENNEDY. Well, then, your contract was signed in April 1953.

Mr. LOOMIS. I believe that is correct.

Mr. KENNEDY. There was that much time elapsed before you signed your contract?

Mr. LOOMIS. The matter of that contract was only a matter of form, but my services actually began and my pay began on December 1, 1952.

Mr. KENNEDY. When you did work for Mr. Dave Beck as an adviser you were paid by him and when you did work for the International you were paid by them, is that right?

Mr. LOOMIS. They were always kept separate.

Mr. KENNEDY. You kept the accounts separate?

Mr. LOOMIS. Yes, sir.

Mr. KENNEDY. You did not charge the International for work you did for Mr. Dave Beck?

Mr. LOOMIS. Never.

Mr. KENNEDY. You ultimately broke with Mr. Beck; is that right?

Mr. LOOMIS. That is correct.

Mr. KENNEDY. Approximately what date was that?

Mr. LOOMIS. The final break took place on February 15, 1955. My pay, I believe, continued until March 1.

Mr. KENNEDY. Was the break initiated by you?

Mr. LOOMIS. It was.

(At this point, Senator Curtis entered the hearing room.)

Mr. KENNEDY. Was the reason for the break that you felt that Mr. Dave Beck was acting improperly?

Mr. LOOMIS. Yes, that is correct. At least I was suspicious on that date.

Mr. KENNEDY. And that was the reason you broke with him.

Mr. LOOMIS. Yes, sir.

Mr. KENNEDY. I would like to take you back a few years to some transactions that led up to your finally breaking with Mr. Dave Beck.

Mr. LOOMIS. Were there some mortgages that the International was considering purchasing and that you were called in to advise the International Brotherhood of Teamsters on?

Mr. LOOMIS. Yes.

Mr. KENNEDY. Approximately what time was that?

Mr. LOOMIS. Do you refer to the break?

Mr. KENNEDY. No, I am going back now.

Mr. LOOMIS. Well, at the time I took over, the assets of the International consisted of a large amount of cash, some of which was lying idle in checking accounts, and some was drawing interest from the bank and the balance invested in United States Government bonds of various maturities.

Then, I think we began to buy mortgages some months after that, in order to increase the income from the investment.

Mr. KENNEDY. Were some of the mortgages that you were considering buying the Lanphar mortgages up from Detroit, Mich.

Mr. LOOMIS. That was one situation which I uncovered as a potential profitable opportunity for the union and it resulted in our purchase, and I can't give you the exact date, but I think it was in late 1953, August or September, of \$1,600,000 of veterans' mortgages.

(At this point, Senator Goldwater entered the hearing room.)

Mr. KENNEDY. They were purchased by the teamsters?

Mr. LOOMIS. Correct.

Mr. KENNEDY. And you had given the teamsters the initial advice to purchase these mortgages?

Mr. LOOMIS. Yes.

Mr. KENNEDY. And you had some discussion with Lanphar, did you?

Mr. LOOMIS. Yes. I was here in Washington and Mr. Beck called me to Washington on a matter and I told him that with the break which had taken place some months earlier in United States Government bonds, there were quite a number of weak spots in the mortgage market at various points in the United States and one of the weaknesses, therefore, offering us the greatest opportunity was in Detroit.

I had been in Los Angeles a week or 10 days prior to this, and there I picked up the name of Lanphar and Co. in Detroit from the head of the mortgage department of the Occidental Life Insurance Co. of Los Angeles, with whom they did a great deal of business.

On his recommendation, I flew from Washington over to Detroit and I saw Mr. Lanphar. As a result of my visit at his office that day and the day following, I left Detroit for Seattle with a tentative commitment for \$1,500,000 of veterans' mortgages.

Some of them were 4 percent bonds and some were mortgages and some were 4½, priced at 92 and 95 respectively, to yield the teamsters international 5½ percent which was a very high return in that market.

Now, that 5½ percent return was prior to a ½ percent charge normally made by mortgage companies to service the mortgages.

Mr. KENNEDY. Could you continue with what occurred?

Mr. LOOMIS. I returned to Seattle, and a meeting was called in Mr. Beck's office at which was present Mr. Beck, Mr. Wampold, his attorney, and Mr. Hedlund.

Mr. KENNEDY. Mr. Wampold is the attorney for the teamsters?

Mr. LOOMIS. I am in a little doubt as to his exact status, but he was an attorney for Mr. Beck personally, I believe, and I think that he did work for the teamsters in Seattle.

Mr. KENNEDY. He was retained by the teamsters. The record shows he was retained by the teamsters and not by Mr. Beck, whether he did work for Mr. Beck or not.

Mr. LOOMIS. What their arrangement was, I can't tell you.

Mr. KENNEDY. I will state that as a matter of fact. Could you continue then?

Mr. LOOMIS. Mr. Beck asked me to present the proposition that I had brought back from Detroit, which I did.

Mr. Hedlund opposed it.

The CHAIRMAN. Who is Mr. Hedlund?

Mr. LOOMIS. He is the president of the National Mortgage Co., a mortgage company in Seattle through which was channeled a large percentage of the funds which went into mortgages belonging to the teamsters international.

The CHAIRMAN. Go ahead. I just wanted to get a connection.

Mr. KENNEDY. At that time, that mortgage company had not been formed, isn't that correct? This is in 1953, the middle of 1953.

Mr. LOOMIS. It may not have been formed at that time, but I suspect that it was embryonic at least, in the minds of some people.

Mr. KENNEDY. Now, Mr. Hedlund at that time was acting as an adviser for the teamsters, was he not?

Mr. LOOMIS. On mortgages; yes.

Mr. KENNEDY. That was his position?

Mr. LOOMIS. Yes.

Mr. KENNEDY. He was advising the teamsters on these mortgages?

Mr. LOOMIS. That is right. Now, he opposed this mortgage purchase and I think it would be fair to say on the general ground he was opposed to any block buying at a discount.

Now, by "block buying" I mean buying a large block of mortgages instead of individually. After some discussion for perhaps a half hour, I said to Mr. Beck that unless Mr. Hedlund could present some vital arguments against the purchase of this block of mortgages, that I wanted the deal to go through.

Mr. Hedlund did not give any further reason as to why, and Mr. Beck, recognizing that here his two advisers were at loggerheads, was in rather an embarrassing position. He picked up the phone and he called Mr. Burke of the Occidental Insurance Co. in Los Angeles, and asked if he could send us down and let us talk with him. That was done the following day. We met in the Statler Hotel, and Mr. Burke

and Mr. Hession, who I believe is Mr. Burke's assistant, and Mr. Hedlund, and myself.

After discussing the merits of this proposal among us four, Mr. Burke decided to call Mr. Lanphar in Detroit. He talked with him a little bit and then turned the phone over to Mr. Hedlund. After the conversation between Mr. Hedlund and Mr. Lanphar on the long-distance phone, Mr. Hedlund's opposition to this deal melted.

We went back to Seattle and Mr. Lanphar and his attorney brought out a large block of mortgages and they were examined by Mr. Hedlund and Mr. Lanphar and I looked at some of them myself.

We committed, and took, and paid for, and received delivery of \$1,600,000 of these mortgages. They are guaranteed by the United States Government, as you know.

Mr. KENNEDY. As stated, Mr. Hedlund was working for the teamsters at that time. Did you ever learn that anybody received any commission?

Mr. LOOMIS. I did not mean to imply that Mr. Hedlund was working for the teamsters. He was advising Mr. Beck as a mortgage man. I do not believe he was on the payroll of the teamsters, although he may have been.

Mr. KENNEDY. Did you ever learn there was any commission paid, or any moneys paid in connection with this?

Mr. LOOMIS. At the final meeting with Mr. Beck, which we might call the blow-up meeting, there was a lull in the conversation. This meeting lasted from 9:30 in the morning until 12:30, and I said, "Don how much did you get out of the Detroit deal?"

And he said, "\$8,000."

I asked no further questions.

Mr. KENNEDY. Do you know if anybody received any of that \$8,000 other than Mr. Hedlund?

Mr. LOOMIS. I don't know the disposition of that money; no, sir.

Mr. KENNEDY. You don't know if Mr. Dave Beck received any of that?

Mr. LOOMIS. I do not know.

Mr. KENNEDY. During this period of time when you were discussing the Lanphar mortgages, did you write Mr. Dave Beck a letter setting forth some of the matters that disturbed you?

Mr. LOOMIS. You mean just prior to this meeting?

Mr. KENNEDY. During this period of time on the Lanphar mortgages. Had you written him a letter? During the course of the negotiations and after your meeting down in Los Angeles?

Mr. LOOMIS. Oh, yes, I did. I wrote him a letter. I think it was after I returned from Los Angeles and he was out of the city at the time, I believe.

Mr. KENNEDY. Was there something that occurred at the meeting in Los Angeles, that caused you some disturbance?

Mr. LOOMIS. Yes, sir.

Mr. KENNEDY. What was that? Maybe it would be better if you read the letter and I think it sets it forth. Do you have a copy of it there?

Mr. LOOMIS. This letter is dated September 30, and I think I told you August. It was September 16, 1953. This letter I wrote in long-hand because I was, I think, at home at the time.

Do you want me to read it, Mr. Kennedy?



Mr. KENNEDY. Just one moment, please.

The CHAIRMAN. Would you identify this as photostatic copy? Would you identify this as a photostatic copy of the original letter, please?

(A document was handed to the witness.)

Mr. LOOMIS. That is my writing; yes, sir.

The CHAIRMAN. Is that the letter that you are referring to, of which you have a copy on the desk at the witness chair?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. I just want to get it identified. This letter may be made exhibit No. 140 but in the meantime you read it from your copy.

(The document referred to follows:)

Mr. LOOMIS (reading):

DEAR DAVE: During the course of our conversation at the Statler in Los Angeles (Burke, Hession, Don and I) last Friday Don told Burke he was reentering the mortgage business and would Occidental make his company their Seattle agent to make loans. Don prefaced his request with the statement (with an air of mystery) that "after you've given me your answer I'll have some news for you of interest—but I want your answer first" (this is as closely as I can quote it).

Well Burke was on a kind of hot spot because he did not know what was coming, but his answer was a guarded "yes, we would be glad to when we have the money, and notes are right, etc. etc."

Then Don says, "Well here's the news: Dave Beck and I are going into the mortgage business together." It was said in such a way that Burke & Hession could and I think did believe) you and Don are full partners in every sense, and your interest in the mortgage company was to be used as a basis of expectation of favors from Occidental.

Rightly or wrongly I kept my mouth shut until about 5:30 p. m. here tonite when Burke phoned me re their appraiser making examination of Dulien's property in Los Angeles. (Details of this latter I'll pass up in this letter as not pertinent.) After that point was finished I told him (Burke) of the Detroit people being here and likelihood that a deal would be consummated, etc.—and then I added that "the way I feel now I'd like to add to our holdings of these wide discount mortgages, but as matters stand now I guess the mortgage company to be organized up here is in conflict with that procedure. And, by the way while I'm at it, let me correct any impression you may have gotten from Mr. Hedlund that Mr. Beck is going to own any part of that mortgage company—I feel sure he's not putting a cent into it—the last thing he'd do would be to set himself up in a position to siphon off some gains for himself through the flow of any funds of the international. He'll not only avoid evil but likewise the appearance of it."

The CHAIRMAN. Was that your opinion of Mr. Beck at that time?

Mr. LOOMIS. That is correct; yes, sir.

The CHAIRMAN. You may continue.

Mr. LOOMIS (reading):

Mr. Burke: "Well I'm delighted to hear you say this for I was shocked" end quote. Then Burke went on about you personally in such a way as to warm the cockles of your heart, did you hear it (and I'm sure he feels every word).

While I'm at it—

that is Mr. Burke speaking of Mr. Beck—

I want to go on and "shoot the works" on this whole thing, particularly as relates Don, or rather my impression of him as an associate.

I think it not necessary to say to you that he wanted to kill the Detroit deal, kill it dead in your office (conference of us four) before it got started. Failing that, then kill it at the Statler in Los Angeles in conference with Burke and Hession; failing that, kill it through his examination of the mortgages themselves.

The first effort failed with you or you would not have sent us to Los Angeles.

The second one failed because his position on "block buying," on "discount buying," on "buying from Fannie May," and other points were almost completely at variance with the opinion and practices of Burke and Occidental—that is the Occidental Life Insurance Co.—

What I said in your office re the Detroit deal could not possibly have been more fully vindicated than it was by what Hession and Burke had to say in Los Angeles.

The third effort to kill the deal failed because I instructed Lanphar to bring out an adequate number of  $4\frac{1}{2}$ 's to substitute for any possible 4's we might throw out. Since there were so many of both, it would be near impossible to not accept at least  $1\frac{1}{2}$  million.

When our Statler meeting adjourned, I went to the elevator with Burke and Hession to see them off and to thank them for their courtesy and help. I commented to Burke that Don was against this block buying at a discount but that I saw \$60,000 gain for our international, and that "I could do a lot of work for 60,000 bucks." Burke's answer was significant—

this is Mr. Burke speaking now—

Well, of course, any funds from block buying at a discount don't go through his mortgage company and I guess you can't blame people for being selfish in the kind of a world we live in.

I am convinced that Don would have knocked us out of a good deal to help himself—\$60,000 worth. (I arrive at \$60,000 by 4 points difference on  $1\frac{1}{2}$  million—96 for 4's from Fannie May that Don wanted to buy as against the Detroit at 92.) Incidentally, Burke and Hession in the hall near Statler elevator said buying Fannie Mays in this market was nuts, when better ones were at wider discounts in some markets; and besides most of the stuff (they say) in Fannie May is there because it was not good enough to be sold in the market competitively. (Mortgages in large denomination I understand would be an exception to this.) And Don would take advantage of my (suspected) ignorance and switch us from the good wide discount stuff.

Now I would not have been so suspicious of Don's position (in the meeting on this in your office with Si Wampold) had my confidence not been jarred some on a previous occasion when he argued so fluently and so speciously for the merits (from the international standpoint) of buying the Grosvenor House with the international's dough in which he'd make (likely) a 6-figure profit and put up no equity of his own. Finally (you may recall) when under my questioning the ice under him got pretty thin, he said, "Well, Fred, you gotta admit the idea and the ability to put it together is worth something."

Now Dave for the brighter side: I think Don will prove an able partner. I do not think he'll take any money that does not belong to him. I feel he's conspicuously equipped to do a job in a workmanlike manner through brains, experience, judgment, technical training, personality, and contacts in the field. I think too he'll look out for Don, and probably will not need encouragement to exploit his relationship with Dave Beck. I can and will work with him, as long as I can do so in the interest of my clients.

May I add in closing that perhaps there should come from you a clarification of whatever your position in the mortgage company is to publicly be.

Also I want to say in justice to Don that from the moment he talked to Lanphar (on the phone in Los Angeles) he was less antagonistic to the Detroit deal, and up here working with Lanphar and latter's lawyer he's done a fine job, I think, and has approved about \$1 million in 4's at 92, and about \$500,000  $4\frac{1}{2}$ 's at a comparable price (95 to yield  $5\frac{1}{2}$  percent).

Dave I don't like to write this kind of a letter. There are things in it I've wanted to say before but I've found my loyalty to you in conflict with my distaste and dislike of anything which savors of tattling. Furthermore, I prefer to do my fighting out in the open. But Burke's call tonight made me sit down and write as I have instead of waiting weeks till I could sit down and talk this to you personally. It is written longhand because I do not want it to go through other hands in my office. (Will you destroy.)

Sincerely,

FRED P. L.

Mr. KENNEDY. Mr. Loomis, did you receive a reply from Mr. Beck to that letter?

Mr. LOOMIS. Yes, I did.

Mr. KENNEDY. Could we have that, Mr. Chairman?

The CHAIRMAN. May I present to you what purports to be a photostatic copy of the reply. Will you identify it?

Mr. LOOMIS. That is correct.

The CHAIRMAN. It may be made exhibit No. 141.

The CHAIRMAN. You may proceed to read the reply.

Mr. LOOMIS. This letter is written on the letterhead of the International Brotherhood of Teamsters, in Washington, D. C.

(The document referred to follows:)

DEAR FRED: I received your longhand letter and read it very carefully. I am very sorry if Don told Burke that I was going into the mortgage business with him. As you will recall I told Don in our office that morning that I would not be in the firm as a partner, it would be in another name. I agree with you 100 percent that I cannot as such set up a mortgage company with Don or anyone else without immediately opening up myself for a target from the mortgage people and everyone else that would like to potshot Beck. I repeat I can see no valid objection to my rewarding my friends with our business rather than just acquaintances.

May I stop here to state that I had repeatedly admonished Mr. Beck that he must not place himself in a position of conflict by going into this mortgage company.

The CHAIRMAN. He later went into it?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. All right, proceed.

Mr. LOOMIS (reading):

I have not and I will not be a party directly or indirectly to creating any situation or dealing with anyone to the injury of our international union. I insist that the international union get the advantage in every respect that would accrue from any purchase, but in buying it has to go through some broker so the international union is not injured whether it be through Don's associates or some other mortgage company. I did, in the presence of you and Simond, recommend to Don that the company to be formed try to get Occidental business in Seattle, and I pointed out that in my judgment Occidental would be receptive.

May I explain that the meaning of that is this: This company that was to be formed would be in the business of lending money, and the Occidental Insurance Co., along with other companies, have money to lend and they do it through agents. This would be an agent in Seattle for the Occidental.

The CHAIRMAN. It would be a local broker.

Mr. LOOMIS. Correct.

In my judgment, it again is the situation where Occidental would recognize that if Don's company was qualified and no premium than would be the return to any other company was involved, they would reciprocate business relations. In our dealings with Occidental we do not ask for any concessions, but do business on the open market basis.

I am glad you told Burke as you did, as I will emphasize this to him when I see him later in the month in Los Angeles or in October. If Don wanted to kill the Detroit deal, Fred, I am surprised because I arranged for both of you to go to Los Angeles to consummate it. I am sure you will agree that I did not change my position in the slightest degree, namely, to purchase 1½ million at a list of 92. It was agreed among us that the company Don was discussing would

be checked into by Simond, and if it got clearance we would purchase through it an additional 1½ million. We further agreed this was sound because it would give us a chance to supply international money into the Seattle and adjacent area that I would like to develop in preference to Detroit or anywhere else.

We were agreed this simply meant dealing through Don's company a friend instead of some other mortgage company or bank where the cost to the international union would be the same. Be assured, Fred, I am not and will not violate any confidence with you for Don or anyone else. I will not in the slightest degree enter into any commitment with Don's company that will be of greater cost to our international union than dealing with any other mortgage company.

I bank with Seattle National instead of Indianapolis on the same basis. I deal with George Newell on insurance instead of some other company for the same reason. Time will prove that any purchases we make through Don's company if it is approved will be on a competitive basis without penalty to the international union. In every instance of purchase I will go over it with you, and my decision in every instance will be first the welfare of the international union, then and only then that all things equal Don's company receive the business.

I certainly intend to utilize the avenue of advice from Occidental through Burke. I am deeply disappointed if Don would have attempted to block the purchase of block buying on a basis of it costing him opportunity to profit.

Fred, I am sure you agree that if I did not desire the best possible deal for the international union with only assurance of competent and careful investigation I would not have sent you and Don to Los Angeles for open discussion with Burke and his associate.

Relative to the Grosvenor House deal: I am only interested in that deal if it will net the union as good or better return than can be secured by international investment elsewhere and without paying a cost to Don's company or anyone else out of line with what would be normal commission to any other company.

I want to comment on your remarks about Don on page 6 (the brighter side). I would not deal with Don for 1 minute if I did not think, first, he was thoroughly honest, and second, ably qualified.

I will contact him immediately and insist that my name not be used in any way to secure business or that I am associated personally with his firm. My relations with the company are that I am interested in Don and his associates as friends and because of it subject to service will deal with his company. I will emphasize I deal with the Seattle First National on the same basis. Every transaction will be scrutinized by Don and I on the same basis as if we were purchasing through any other company. I am not at all sure we need his worth and friends. I am anxious to aid some of my associates to successful business development if I can do so without penalty to the international union.

I am returning your letter to you and I want you and Wampold to discuss as much of the subject matter as you desire. Wampold and you are both my friends and confidants and I will look to both of you in the future for advice.

DAVE.

P. S.—I have no objection of your going over this letter with Simond if you so desire.

D. B.

Mr. KENNEDY. Now, just on this letter, it states here, "I would not be in the firm as a partner, it would be in another name." Was there a company formed?

Mr. LOOMIS. It is my understanding, Mr. Kennedy, when the National Mortgage Co. was formed.

Mr. KENNEDY. This was Mr. Hedlund's company?

Mr. LOOMIS. Yes, that Mr. Hedlund had a third of the stock, and his associate, Mr. Sherman Stevens had a third, and a third was purchased by Mr. Beck's nephew, Joe McEvoy, with money which Mr. Beck loaned him and took back a note.

Now I have never seen that note. I have never seen the accounting on it. I only believe that it exists because Mr. Beck and I have talked about it a number of times.

Mr. KENNEDY. Did Mr. Beck admit to you that the money that Mr. McEvoy had put into the company had come from him?

Mr. LOOMIS. Yes, that is correct.

Mr. KENNEDY. Was it understood that Mr. McEvoy was representing Mr. Beck's interest in that company?

Mr. LOOMIS. Mr. McEvoy was never heard from so far as the company was concerned, to my knowledge.

Mr. KENNEDY. What position did Mr. McEvoy hold at that time? What kind of a job did he have?

Mr. LOOMIS. I presume he only was a stockholder, and I never saw the man except once or twice.

Mr. KENNEDY. What other job did he have during that time?

Mr. LOOMIS. I don't know.

Mr. KENNEDY. You have no idea?

Mr. LOOMIS. I do not know.

Mr. KENNEDY. On this National Mortgage Co. that was formed at the end of 1953 or approximately around this period of time that you wrote the letter, which Joe McEvoy came into, from that time to this time, have the mortgages that the teamsters have purchased been purchased on a competitive basis, or have they been purchased through the National Mortgage Co.?

Mr. LOOMIS. I would say overwhelmingly they have gone through the National Mortgage Co.

Mr. KENNEDY. It has not been on a competitive basis?

Mr. LOOMIS. I do not believe so. Not during my connection with the company. There were a few exceptions. This Detroit deal was one. I made a \$500,000 loan on a mortgage in Kansas City, which Mr. Hedlund had nothing to do with. In fact, he opposed it. Those are two instances that I think of that he had nothing to do with, and which did not go through his company.

Mr. KENNEDY. As a financial adviser for the teamsters, would you say that this was proper procedure, not to have this matter on a competitive basis?

Mr. LOOMIS. I do not believe that the best interests of the International were served. There are several reasons. In the first place, I did not want to see us concentrate in Seattle all together. I wanted to distribute our loans and our risk, and I was particularly interested in three cities, Denver, Kansas City, and Phoenix. But, of course, loans made in those areas would not be made through the National Mortgage Co. in the same manner as they are in Seattle, and I never got any place in my efforts to diversify in that respect.

From time to time, as existed in Detroit, there were weak spots in the mortgage market in various geographic locations in the United States, and I felt that we should be taking advantage of those things. But Mr. Hedlund was absolutely opposed to block buying, and Mr. Beck was dependent upon him, or made himself dependent upon him, in the matter of acquiring these mortgages. So that was the why it was handled, to a major degree.

Mr. KENNEDY. So you would oppose the procedure that was followed as being against the best interests of the International Brotherhood of Teamsters, No. 1, because there was no competition in the mortgages: and, No. 2, that they were concentrating in Seattle, concentrating in one city?

Mr. LOOMIS. My recommendations to him, as shown in the correspondence we have here, point out that I thought that the best interests of the association, of the International, were served otherwise; yes.

Mr. KENNEDY. Do you know how much in mortgages approximately has gone through the National Mortgage Co.?

Mr. LOOMIS. No, sir, I do not. During my administration, if I may use that word, it amounted to several millions.

Mr. KENNEDY. Mr. Beck also states in his letter—

My relations with the company are that I am interested in Don and his associates as friends and because of the subject to service will deal with this company.

One of the associates, of course, as you point out, was his wife's nephew, is that right?

Mr. LOOMIS. I think so, yes. I think that is what he had in mind.

Mr. KENNEDY. Mr. Chairman, we have two other letters. Evidently there was a dispute and there was another company in Detroit that felt that they should handle these mortgages.

There was a copy of a letter that was forwarded to you about that matter, is that correct? That was from Mr. Benjamin Levinson?

(At this point, Senator Ervin entered the hearing room.)

Mr. KENNEDY. Can you identify this letter dated October 22, 1953? (Document handed to witness.)

Mr. LOOMIS. Yes, sir, I identify that.

The CHAIRMAN. What is the letter?

Mr. KENNEDY. There are two letters, I believe.

The CHAIRMAN. Identify the two letters. State what they are, and I will let counsel read them into the record.

Mr. LOOMIS. May I give just a little of the background? When I visited Detroit, Senator, I had had some earlier telephone calls from a man by the name of Levinson, who was the head, I think, of the Michigan Mortgage Co., I think was the name of the company. I tried to get him on the phone but was unable to do so. So I did not see him when I was in Detroit. When he learned later that we had purchased some mortgages in Detroit, he was very incensed, and this correspondence followed in due course.

The CHAIRMAN. Why was he incensed about it? Do you not have the right to purchase mortgages wherever you wanted to?

Mr. LOOMIS. I thought so, and did.

The CHAIRMAN. Proceed.

Mr. KENNEDY. May we have the letters back?

The CHAIRMAN. Counsel may read the two letters that have been identified.

Mr. KENNEDY. Mr. Chairman, may we just make them a part of the record so that we may refer to them? It is not necessary to read them.

The CHAIRMAN. These two letters, then, will be made exhibits 142 and 142-A.

(The documents referred to were marked "Exhibits 142 and 142-A" for reference and will be found in the appendix on pp. 2470-2472.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Loomis, during the period of time that you were an adviser to Mr. Beck, he received a fairly large loan from the Occidental Insurance Co., is that correct?

Mr. LOOMIS. I heard about it after it was made. I did not know that it was being negotiated. I never saw the terms of it. It was strictly contrary to the advice which I had given Mr. Beck personally, which was that he should devote himself to simplifying his financial operations, getting out of a lot of these businesses, and paying off his debts.

Mr. KENNEDY. The record shows that from the Occidental Insurance Co., with whom the teamsters placed their insurance, on the west coast, that Mr. Beck received a loan of \$273,000. Are you familiar with that?

Mr. LOOMIS. I am not familiar with it, although I know of its existence.

Mr. KENNEDY. The record also shows, I believe, that the interest that Mr. Beck had to pay on that loan was 3½ percent. Do you think that that was a sufficient interest for that kind of a loan?

Mr. LOOMIS. I do not believe so, so, sir.

The CHAIRMAN. How was that loan secured?

Mr. LOOMIS. I can only speak from information, sir, that I picked up from Mr. Beck, but it was secured, in my knowledge, by real estate which Mr. Beck owned, primarily around Seattle.

The CHAIRMAN. In other words, there was security for it?

Mr. LOOMIS. I think so.

The CHAIRMAN. There was adequate security?

Mr. LOOMIS. I believe that there was adequate security. That would be my impression, yes, sir.

The CHAIRMAN. Let us see what is wrong with it. The teamsters bought all their insurance from the Occidental?

Mr. LOOMIS. I have no personal knowledge as to what their business relation is, but I understand that the Occidental did the insurance business for the Western Conference. I do not understand the operation of the welfare fund and the insurance of it, Senator. I just know that the teamsters is a very important client of the Occidental Life Insurance Co.

The CHAIRMAN. All right, Mr. Counsel.

Mr. KENNEDY. There were also some loans from the Seattle First National Bank, is that right, that Mr. Beck made?

Mr. LOOMIS. All during my association with Mr. Beck, I think he was never out of debt to the Seattle First.

Mr. KENNEDY. What bank in Seattle did the teamsters keep their money in?

Mr. LOOMIS. The Seattle First National.

Mr. KENNEDY. Were there any occasions on which Mr. Beck received any loans from the Seattle First National Bank which were at an interest percentage less than come to the ordinary person?

Mr. LOOMIS. Yes. There was one instance that came to my attention, and I told Mr. Beck that I did not believe that he had any right borrowing money at that rate, and I told the bank that I didn't think that they had any right making the loan at that rate, but I told them also that I thought if they didn't make it, it might not be in their interest.

Mr. KENNEDY. How much was that loan?

Mr. LOOMIS. That loan was for \$100,000 for the account of Dave Beck, Jr.

Mr. KENNEDY. What was the rate, the interest rate, paid on that?

Mr. LOOMIS. Three percent, as I remember it.

Mr. KENNEDY. That was less than the interest rate paid at that period of time?

Mr. LOOMIS. I don't think anybody else could have borrowed money at that rate.

I will correct that and say any ordinary, normal customer.

The CHAIRMAN. How much was it below the going rate, the 3 percent? How much was that below the going rate at that time?

Mr. LOOMIS. I would only make a guess at that, Senator, but I would say four.

The CHAIRMAN. Four percent was the going rate?

Mr. LOOMIS. I would guess that. Those rates change from time to time, and I am not too familiar with them.

The CHAIRMAN. In other words, only about 1 percent off?

Mr. LOOMIS. I would say so, at least that.

The CHAIRMAN. All right.

Senator McNAMARA. While there is a pause, let me ask you a couple of questions. You talked about working for Mr. Beck personally in 1951. Were you employed on a fee basis or a salary basis?

Mr. LOOMIS. I would say that it was strictly a fee with him. The amount of work that I did for him varied in amount from time to time and I endeavored to work it out on a basis of more or less the hours that I put in for a given month or 2 months.

Senator McNAMARA. You were not on a salary but you were on a commission or fee basis?

Mr. LOOMIS. No. With the international I was on an annual retainer.

Senator McNAMARA. An annual retainer?

Mr. LOOMIS. Yes, sir.

Senator McNAMARA. How much was that?

Mr. LOOMIS. My first year was \$5,000. At that time, everything was in cash or governments, and no one knew how big the job would be or what was necessary.

The next year it was \$7,500, and I had asked for \$10,000 for the third year.

(At this point, the chairman withdrew from the hearing room.)

Senator McNAMARA. You indicated that you had many other accounts and you still have many other accounts.

Mr. LOOMIS. Yes, sir.

Senator McNAMARA. Is it common practice for you to be on a retainer at \$5,000 or \$10,000 a year with these other accounts?

Mr. LOOMIS. All of my business is on a retainer basis with the exception of very small investors who may come into my office and have \$1,000 or \$5,000 that they want to place and the amount involved is too small for them to pay for the ordinary investment counselor's advice.

Senator McNAMARA. Then, your general practice is the same as applied in the Beck account and in the teamsters international account?

Mr. LOOMIS. Yes, sir; that is correct.

Senator McNAMARA. You mentioned signing a contract with the teamsters international. Did that spell out these terms that we are talking about now?

Mr. LOOMIS. I don't remember the contract, but I remember there was one made some 3 or 4 months after my work first started.



I think it was made for the other side, for them to have a record of my employment. I think it was for the benefit, probably, of Mr. English, the secretary-treasurer, but I am not sure. I have a copy of that contract. I think, in my file here some place if you would like it.

Senator McNAMARA. No. I think that is sufficient.

You mentioned the Melvin Lanphar Co. of Detroit. Are they primarily a home construction company?

Mr. LOOMIS. I do not believe they do any construction, Senator. I believe they are what is known as mortgage bankers. They buy mortgages on houses under construction by, we will say, a builder, for example.

Senator McNAMARA. Were these houses secured by land contracts generally?

Mr. LOOMIS. Not contracts, sir. They were secured by first mortgages.

Senator McNAMARA. They were veterans' homes generally, you indicated.

Mr. LOOMIS. Yes; they were all veterans.

Senator McNAMARA. And they had been paid down to a mortgage?

Mr. LOOMIS. They varied in the age. The older the mortgage, the greater equity that the owner would have in it, but in general, these were fairly, shall I say, green mortgages.

Senator McNAMARA. They were not well-seasoned mortgages?

Mr. LOOMIS. No; I would say not. As a matter of fact, the occasion for the opportunity which existed there was that these builders had borrowed money from the Detroit banks. The bond management had broken some month before.

The Detroit banks needed money to take care of their normal loan demand and in order to get it, they were forced to either call loans or to sell Government bonds.

Their Government bonds would show them substantial losses. There were very large amounts of these warehoused, so-called warehoused, mortgage loans in the Detroit banks.

It was those things that they wanted to get rid of. There were no buyers because people did not have any money and we did. I wanted to take advantage of it.

(At this point the chairman entered the hearing room.)

Senator McNAMARA. Then, the discount of eight points or 8 percent from 100 to 92—

Mr. LOOMIS. The rates had been changed from  $4\frac{1}{2}$  down to 4, or from 4 to  $4\frac{1}{2}$  I guess it was, and the 4's were available there at 92 and the  $4\frac{1}{2}$ 's at 95, based on the assumed life of those mortgages, would give us a yield of  $5\frac{1}{2}$  percent.

Senator McNAMARA. Since these were not well-seasoned accounts on the part of the purchaser, it would seem that the 8 percent or 8 points was a reasonable discount. You did not think it was an unreasonable discount, did you?

Mr. LOOMIS. The discount in my judgment would arise out of the supply of money and the supply of mortgages in relation to the supply of money.

Senator McNAMARA. The discount would also be controlled as to whether they were well seasoned or green?

Mr. LOOMIS. No. I do not think I would quite agree with that. The amount of money, for example, that a man would put down on his house would make some difference. The amount of income that he has in relation to his expenses would make some difference.

His general credit standing would make a difference. You examine these things on the basis of their individual situation.

Senator McNAMARA. These factors did not amount to much in as much as the money was guaranteed by the Government anyway.

Mr. LOOMIS. From my point of view, the poorer the mortgage the better because if the Government was going to take it over, and you could buy it at a difference, you could make——

Senator McNAMARA. That is the point I was making. Were these 100 percent guaranteed or 90 percent or what?

Mr. LOOMIS. One hundred.

The CHAIRMAN. Proceed, counsel.

Mr. KENNEDY. Mr. Loomis, you raised questions with Mr. Beck again about his getting involved in the National Mortgage Co., is that correct?

Mr. LOOMIS. I did it on repeated occasions, sir.

Mr. KENNEDY. Specifically on December 3, 1953, you wrote a memorandum to him?

Mr. LOOMIS. I can't identify that date.

Mr. KENNEDY. That is regarding the meeting at the Olympic Hotel. I will have it for you here.

The CHAIRMAN. The clerk will present to the witness a photostatic copy of what purports to be a memorandum that the witness wrote to Mr. Beck.

See if you identify that photostatic copy, Mr. Loomis.

(The document was handed to the witness.)

Mr. LOOMIS. Yes, sir, I remember the memorandum.

The CHAIRMAN. What is the date of it?

Mr. LOOMIS. It is dated December 3, 1953.

The CHAIRMAN. That may be made exhibit No. 143.

(The document referred to was marked "Exhibit No. 143" for reference and will be found in the appendix on pp. 2473-2474.)

Mr. KENNEDY. I would like to read one paragraph of the letter. This is page 2:

This brings me to my last point and that refers to the ownership of the stock in the NMC., National Mortgage Co.

For a trustee of the international to own stock in a mortgage company through which some of the international funds are going to pass, seems to me to be a strict violation of the fundamental principles of the fiduciary relationship existing.

It was not just clear to me where the remaining one-third of NMC stock lay, but I rather assume from what was said that you have taken one-third of the stock for yourself.

Dave, if this is so, then I think it is wrong, very unwise, exceedingly poor public relations, and something which you will regret.

The CHAIRMAN. Did you write Mr. Beck that memorandum?

Mr. LOOMIS. I gave him that advice, yes, sir, repeatedly.

The CHAIRMAN. Was this memorandum delivered to him?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. How had you learned that he had that interest?

Mr. LOOMIS. Senator, I cannot identify exactly where I picked the information up.

The CHAIRMAN. Had he denied that he had that interest when you talked to him about it?

Mr. LOOMIS. No, he never denied it.

The CHAIRMAN. He never at any time denied it?

Mr. LOOMIS. Never.

The CHAIRMAN. And you, in your letter to him, the one you wrote in longhand after your visit to Los Angeles, you called his attention to the fact, in that letter, that his participation in such an arrangement, in such a business, in your opinion, would be very unethical?

Mr. LOOMIS. That is correct.

The CHAIRMAN. That is the substance of it, but those are not your exact words.

Mr. LOOMIS. I think in fairness to Mr. Beck I should say this—well, let me repeat his position at our final blowup meeting. He said that this belonged to his nephew and that his nephew had the right to invest his money any place he wanted to the same as I did, or anybody else.

That was his position.

Mr. KENNEDY. Mr. Chairman, I might read the last two paragraphs here to follow the paragraph I just read.

This is you talking, again.

A possible solution to the last-mentioned objection which I am raising would be for the international itself to own the stock, even though there are no legal precedents for such a move. Another thing I want to say, Dave, is that while I have found myself differing with Don, I want you to know that I like, respect him and enjoy working with him, and I have admired very much the highly professional and thorough manner in which he has handled the Detroit mortgages. I assure you he and I can work together and in harmony as long as I am satisfied that my full duty to the International is being discharged.

Mr. LOOMIS. May I emphasize that that is dated in December 1953. I had occasion to change my mind somewhat later on.

Mr. KENNEDY. About Mr. Hedlund?

Mr. LOOMIS. Yes.

Mr. KENNEDY. You were also involved or took some part in the loan to the Fruehauf Trailer Co.?

Mr. LOOMIS. I did.

Mr. KENNEDY. Did you examine into their potentialities for repaying such a loan?

Mr. LOOMIS. Mr. Beck called me back to Washington on some errand. I did not know what the subject matter was, and it proved to be a proposed loan of a million and a half dollars in connection with Fruehauf. I spent an evening with Mr. Fruehauf and Mr. Landa in the Statler Hotel, discussing their company, and then the following morning in Mr. Beck's office, a meeting was attended by Mr. Fruehauf, Mr. Landa, and I believe Mr. Wampold—yes, Mr. Wampold—and myself, and Mr. Beck. This matter of the loan came up for discussion. The proposal was that the borrower, the party who signed the note, was to be the Fruehauf Foundation, which was a charitable trust which Mr. Fruehauf had set up. It was to borrow the money.

The purpose of the loan was to get the proxies on Fruehauf stock which would be purchased with this money, roughly 60,000 shares. The occasion for that was that there was a proxy fight coming up in the Fruehauf Trailer Co. Mr. Beck was asked and agreed to make the loan of a million and a half dollars for the purchase of this

stock, which was held, as collateral for the loan, throughout the life of it.

Mr. KENNEDY. Did you have some conferences with Mr. Fruehauf and Mr. Beck, in the teamster headquarters?

Mr. LOOMIS. Yes.

Mr. KENNEDY. And did you raise some questions, further questions, then, at that time?

Mr. LOOMIS. Yes. The negotiations, as a matter of fact, only got started when Mr. Beck threw up his hands and said, "We will make the loan."

Mr. KENNEDY. Is this why you were trying to find out some further information?

Mr. LOOMIS. Yes. I think the occasion at that moment was—let me go back and state that part of the collateral for this loan was to be the personal guaranty of Mr. Landa, Alfonse Landa, who is a director, a large stockholder, and chairman of the finance committee of the Fruehauf Co., and Mr. Fruehauf himself. They were to guarantee the loan personally. So you had three things. You had the assets of the Fruehauf Foundation—which I learned later and should have known ahead of time but didn't have any time to develop the information—you would have the assets of the Fruehauf Foundation, which were quite negligible, you would have the personal note of the two men, and the collateral itself, which was the stock itself, which was the Fruehauf stock, purchased in the open market and held by a broker in New York as collateral for the loan.

Mr. KENNEDY. Did you want some further information on the background of the individuals?

Mr. LOOMIS. I would certainly not have made a loan of that type without more thoroughly investigating it.

Mr. KENNEDY. Did you attempt to get that information?

Mr. LOOMIS. Going back to Detroit on the plane that afternoon with Mr. Fruehauf, I questioned him further, and one of the things that I developed which I was surprised at was that the assets of the Fruehauf Foundation were less than \$100,000.

Mr. KENNEDY. Was there a question raised during this period of time as to whether the International Brotherhood of Teamsters could make such a loan, or a loan for such a purpose?

Mr. LOOMIS. I asked Mr. Beck why the loan was being made, and he rather vaguely stated that there was a community of interest between the truck manufacturing and the trucking industry, and the industry employing a lot of teamsters, so he wanted to help them out.

Mr. KENNEDY. This was not helping them out, but this was getting into a proxy fight.

Mr. LOOMIS. It was a proxy; yes, a proxy fight.

Mr. KENNEDY. So he was interested in helping one side?

Mr. LOOMIS. I didn't understand.

Mr. KENNEDY. He was interested in helping one side of the proxy fight out; is that correct?

Mr. LOOMIS. That is correct.

Mr. KENNEDY. Are you aware of the fact that the loan has been repaid, and the interest was repaid on the loan, by the Fruehauf people?

Mr. LOOMIS. At the time of my severance from the teamsters, I think the loan was paid down to about \$1,100,000 and was by that time a first-class loan.

Mr. KENNEDY. Are you aware of the fact that the loan now has been repaid?

Mr. LOOMIS. I am not.

Mr. KENNEDY. I think that the records show that the loan has been repaid and the interest was repaid.

Mr. Loomis, we talked originally about having a dispute with Mr. Beck that resulted in your leaving your association with him. What was the reason or what was the breakup about at that time?

Mr. LOOMIS. We had an application come to us in Seattle from a contracting firm, Bebb and Narodick I believe the name was, in which they proposed to build an apartment house in Honolulu.

Mr. KENNEDY. That is Hebb and Narodick?

Mr. LOOMIS. Hebb and Narodick, yes. They were unknown to me. I think I had one conference with Mr. Hebb and Mr. Beck, and I believe Mr. Hedlund was present, although I am not sure, in the Olympic Hotel. I called at the contractor's office on two occasions, discussing the matter with them, and their capacity to carry out such a commitment.

Mr. Beck went down to Florida to attend the winter meetings of the AFL and the teamsters international. Mr. Hedlund was vacationing in Honolulu. This loan had been in the works, so to speak, in process, and finally came to me for final decision as to whether the loan should be made. I had studied the thing a great deal, given it a lot of thought, and had come to the conclusion that there was adequate income available from the proposed apartment based upon minimum rentals, making allowance for, I believe I figured, 7 percent vacancies, that there was still enough income to adequately protect that loan. I asked the attorney in Seattle to prepare a commitment, which he did.

In examining, however, the documents before instructing this attorney to proceed, I observed on one of the sheets, and this proposal covered some 10 pages, I would guess, one of the sheets showing the component costs of the apartments showed a change in one of the items. I recognized, I thought, Mr. Hedlund's penciled figures.

Mr. KENNEDY. Do you have that paper with you?

Mr. LOOMIS. Yes. This paper, this sheet—do you want me to read it or identify it?

Mr. KENNEDY. Could he identify it, Mr. Chairman?

The CHAIRMAN. You are reading from your own file, now, are you not?

Mr. LOOMIS. Yes, sir. I am reading from a page taken from the loan proposal which shows the various components of the cost. The land cost \$210,000, architectural and engineering \$100,000, interest during the construction \$74,000, and so on.

Mr. KENNEDY. Then you get down to the financing fee.

Mr. LOOMIS. Down further is a financing fee which was in there for \$20,000, typewritten, which had been scratched out in pencil and a figure of \$27,500 was substituted.

The CHAIRMAN. May I present to you what purports to be a photostatic copy of the original document you are reading from and ask you to identify the photostat?

(Document handed to witness.)

Mr. LOOMIS. That is correct, except that it doesn't show \$27,000 very clearly there, Senator.

Mr. KENNEDY. It is not very clear.

The CHAIRMAN. The figure on the photostat, according to the original, is \$27,000-what?

Mr. LOOMIS. The original was \$20,000 and the changed figure is \$27,500.

The CHAIRMAN. The penciled notation on the photostat does not show as plainly as it does on the original?

Mr. LOOMIS. That is correct.

The CHAIRMAN. You have the original before you and that penciled notation on the photostat should be and is \$27,500 where the \$20,000 is scratched out?

Mr. LOOMIS. That is correct.

The CHAIRMAN. Thank you very much.

That photostat will be made exhibit No. 144.

(The document referred to was marked "Exhibit 144" for reference and will be found in the appendix on p. 2475.)

Mr. KENNEDY. Did you inquire why the financing fee had been raised from \$20,000?

Mr. LOOMIS. Yes. This meeting, Mr. Kennedy, was held in my office. After the attorney went out to draw up this commitment, I asked about what this meant. Remaining in my office was Mr. Wampold and Mr. Sherman Stevens. Mr. Stevens said that that was raised \$7,500, that \$2,500 was to go to Mr. Beck, \$2,500 was to go the Mr. Hedlund, and \$2,500 was to cover additional expenses for the National Mortgage Co.; in other words, go to the mortgage company.

Mr. KENNEDY. What did you say to that?

Mr. LOOMIS. Well, I was so shocked that I didn't know hardly what to say. I said "I don't want to hear anything more about this" and I devoted myself that night to figuring out what to do about it. I decided immediately that I would have nothing to do further with Mr. Hedlund or Mr. Wampold. I sent the commitment to Mr. Beck with a covering letter indicating that the income was adequate and recommended that he sign it.

I telephoned him that night, or the next night, in Florida, explained to him the circumstances, advised him not to sign it, that it was a hot loan, that I didn't want him to have anything more to do with it, and he said "I don't know anything about it."

He asked me to contact Mr. Wampold and Mr. Horowitz and Mr. Hedlund and bring the thing out into the open.

The next morning I met in the Northern Life Tower, in Mr. Horowitz's office, and the first thing I did was to call Mr. Stevens, who then was in San Francisco, and I asked him to confirm what he had said to me in the office, which he did. I then called Mr. Hedlund in Honolulu.

May I read this memorandum?

Mr. KENNEDY. Mr. Chairman, he has a memorandum on the telephone conversation with Mr. Hedlund.

Mr. LOOMIS. I immediately, after this telephone conversation, dictated it to a stenographer within 5 minutes.

The CHAIRMAN. Of your conversation with Mr. Hedlund?

Mr. LOOMIS. On the telephone. I was in Seattle and he was in Honolulu.

The CHAIRMAN. All right, you may proceed, if you are reading from your original. Are you?

Mr. LOOMIS. I have the original. Immediately in front of me is a photographed copy.

The CHAIRMAN. You have a photostatic copy of it?

Mr. LOOMIS. Yes.

The CHAIRMAN. You are reading from the photostatic copy?

Mr. LOOMIS. Yes.

The CHAIRMAN. Will you identify this photostatic copy that I have, so that we can follow you?

(Document handed to witness.)

Mr. LOOMIS. The top two pages are.

The CHAIRMAN. The top two pages?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. Those top pages may be made exhibit No. 145—the top two pages.

(The document referred to follows:)

Mr. LOOMIS (reading).

I asked Mr. Hedlund what the amount of the financing fee was in connection with the proposed Honolulu loan. He stated that it was \$27,500. My second question was: "Don, how was this allocated?" He said that \$10,000 of it was to go to the teamsters union as a commitment fee and any expenses in connection with carrying out the loan were to be charged to this \$10,000 and an accounting made to the teamsters international in accordance with instructions of Mr. Beck. The remaining \$17,500 was to go to the National Mortgage Co. to be used to cover expenses in carrying out the loan.

I then asked him if the fee was not originally \$20,000 instead of \$27,500 and he said: "Yes, that is correct." But that the \$20,000 was an estimate of expenses and that upon further consideration he told them (meaning the contractors) that this \$20,000 was not enough and it was raised to \$27,500. I asked him if this was the whole story and he said it was and then I said to him that Sherman Stephens tells me a different story; that Stephens says that \$2,500 of the \$7,500 additional was to go to Don Hedlund, \$2,500 to Dave Beck, and \$2,500 was to be used for additional expenses arising out of an appraisal of the property to be made before construction starts, and he tells me, Don, that you made that allocation. Don replied immediately: "That is not correct; Stephens is mistaken." I said "Don, did you ever discuss this with Mr. Beck?" He said: "No, I never did." I said: "Did you ever write him a letter about it?" Answer: "No, I never did." Then he went on to make out a case for the contention that the \$17,500 was to go to the National Mortgage Co. for expenses regarding the loan.

I asked Don how he accounted for the discrepancy between what he, Hedlund, says and what Stephens says about the allocation of this fee. His answer was that he did not know. He said: "Stephens is mistaken."

I told Don on the phone that Stephens had stated categorically to me that these allocations were \$2,500 to you, Don, \$2,500 to Mr. Beck, and \$2,500 to the mortgage company for expenses. I said: "Don, Stephens says one thing and you say another, and Stephens tells me on the phone this morning from San Francisco that these allocations are as stated above, and Stephens further tells me that you, Don, made the allocations and that he got this information from you." Don replied that Stephens is a liar. I said: "Don, this is an exceedingly serious thing and you are bandying about the name of Dave Beck in a manner which can be very damaging to him and I want to say to you that until this thing is all cleared up satisfactorily, this loan is not going to go through. I will go further and say to you that, so far as I am concerned, there will be no more teamster funds go to the National Mortgage Co. until this thing is cleared up to my satisfaction."

I might say, Senator, that I had the say as to whether the National Mortgage Co. would get the money.

Don replied: "Let's call the whole thing off as far as this loan is concerned." I told him that I was not satisfied to let it rest there. Then he proposed that he would call Stephens and talk with him about it. I said: "All right, you call Stephens and have Stephens call me. I would be interested in knowing what he will say to me after he talks with you as compared to what he said to me this morning." Then Don said: "I guess I had better fly back there"—that this was too important a matter to try to handle from where he was and he stated that he was coming back.

In his excitement he stated that the money might be paid into the investment company. I said: "What investment company?" I never heard of one and then, without further explanation, he said: "I think I should come back to Seattle."

The CHAIRMAN. What is the significance of this? What happened immediately after?

Mr. LOOMIS. Well, I followed with my resignation, or a letter to Mr. Beck which involved my resignation, unless it could be explained.

Mr. KENNEDY. We have that letter, Mr. Chairman.

The CHAIRMAN. We have the letter?

Do you have a photostatic copy of that letter?

Mr. LOOMIS. No, sir. I have no photostatic copy, because the original went to Mr. Beck.

The CHAIRMAN. Do you have the original carbon copy?

Mr. LOOMIS. I do. I have the original carbon copy right here.

The CHAIRMAN. All right.

Mr. LOOMIS. I sent this letter to Mr. Beck's office and I sent a copy to his home. Do you want me to read it, Senator?

The CHAIRMAN. You may proceed to read it.

The photostatic copy of this letter may be made exhibit No. 146  
(The document referred to follows:)

Mr. LOOMIS (reading):

DEAR DAVE—

The CHAIRMAN. What is the date of it?

Mr. LOOMIS. February 10, 1955.

The CHAIRMAN. All right.

Mr. LOOMIS (reading):

The Honolulu loan application and my recommendation that you disapprove it have brought a chain of developments and disclosures which brings into question my continuing as financial counsel to you as trustee.

Without going into detail, it now appears that—

1. There has been talk of your receiving a kickback out of the Honolulu \$27,500 finance fee, the plain implication being that this was in accordance with a pattern.

2. Obviously, any fees arising out of the placement of union funds which reach you, should be returned to the union treasury.

3. On Saturday, February 5, I learned for the first time that you and two others have an investment company into which various funds are channeled, and then a portion of them are apparently reapportioned to reach you.

4. Back of all this remains the fact that your nephew is a one-third owner of the mortgage company (according to my information) through which the bulk of teamster funds have been placed. On several occasions I have protested this.

I think all of this puts you as trustee in an untenable position. I am sure that your fiduciary duty has never been sufficiently impressed upon your mind. The fiduciary position and responsibility of a trustee is extremely high, Dave, and I think it would be well—in fact I recommend that you ask Charles Horowitz to explain this clearly and in detail to you.

There are several things, Dave, which I think you should do:



1. You should make doubly sure that you have no interest direct or indirect in any channel through which teamster international funds flow.

2. You should terminate any arrangement by or through which you share directly or indirectly in any finder's fees or other fees connected with teamster international funds.

3. I would say that you should secure advice from Charles Horowitz, or some other competent legal counsel of your choice, regarding any past transactions which might affect your fiduciary relationship emphasized above.

Now, Dave, if I am wrong in any of these assertions, I am sorry. However, they come from sources so close to you that I must accept them as facts unless you show otherwise.

If you follow my recommendations and clear these things up to my satisfaction, I shall consider continuing as investment adviser to you as teamster international trustee. You know I have enjoyed working with you and have enjoyed the challenge of the tough investment problems involved. If you do not see clear to do so, please accept this as my resignation.

Sincerely yours,

The CHAIRMAN. Did you receive a reply from Mr. Beck?

Mr. LOOMIS. About 2 days later I received a telephone call from Mr. Hedlund asking for some \$40,000 with which to buy additional mortgages. I refused to give it to him. He asked me if I wanted him to tell Mr. Beck, and I said, "I will not advise you in any way. You can use your own discretion."

I assume he talked to Mr. Beck, because the next morning this letter of February 16 came to me, in which he accepts my resignation.

The CHAIRMAN. Will you identify this photostatic copy of the letter that you received from Mr. Beck dated February 16, 1955?

(Document handed to the witness.)

Mr. LOOMIS. That is correct, sir.

The CHAIRMAN. It may be made exhibit No. 147.

(The document referred to was marked "Exhibit No. 147" for reference and will be found in the appendix on pp. 2476-2477.)

The CHAIRMAN. You may proceed to read the letter. Those parts where he quotes from your letter, I think you can omit from reading, because it is already in the record and has already been referred to.

Mr. LOOMIS. All right. I am skipping part of it.

I deeply regret, Fred, that in your judgment it was necessary for you to address such a letter to me. I did not retain you, Fred, for any purpose other than in an advisory capacity, either to me personally or later as it pertained to my position as general president of the International Brotherhood of Teamsters. I have discussed the subject matter with you and do not intend to elaborate in any way. I am proceeding to negotiate the Honolulu loan, subject to the conditions which have been agreed upon, of 100 percent union construction. I find that in the interest of our personal friendship, our business association should be dissolved. I am, therefore, accepting your resignation set forth in your letter of February 10 to be effective March 1, 1955.

The CHAIRMAN. Proceed, Mr. Counsel.

Mr. KENNEDY. So you had no more business dealings after this time, is that right?

Mr. LOOMIS. I did not.

Mr. KENNEDY. It was during this period of time, however, when you had a conference with Mr. Hedlund, that you learned that on the Lanphar mortgages which we discussed some time ago, which were purchased back in 1953, Mr. Hedlund had received an \$8,000 commission, or he told you an \$8,000 amount?

Mr. LOOMIS. He told me at the meeting in Mr. Beck's office, which I called the final meeting, that he had received \$8,000 in connection with making this Detroit loan.

Mr. KENNEDY. You don't know of any other moneys that he received?

Mr. LOOMIS. I do not.

Mr. KENNEDY. You don't know if Mr. Beck received part of that?

Mr. LOOMIS. I do not.

Mr. KENNEDY. Did this business deal on the Honolulu apartment fall through? Was it consummated?

Mr. LOOMIS. I cannot say of my own knowledge. Gossip came to me that the loan was turned down, and that Mr. Beck used as his reason for turning the loan down an original objection which I made to the loan; namely, that \$2 million was too much for the union to put in one spot.

The CHAIRMAN. May I ask you a question or two here?

Mr. Beck says in his reply to you accepting your resignation that he only employed you to advise him, the implication being that you were not the boss of him.

Do you know of any other reason why your relationship with Mr. Beck deteriorated other than these constant complaints you were making about the way he was conducting his trusteeship of the union?

Mr. LOOMIS. I think that refers, Senator, sir, to the blowup meeting. He was extremely angry because I had stood up to him and treated him like he was just an ordinary mortal. He might be a big wheel, but as far as I was concerned, he was just a hubcap.

He was very angry because I attempted to tell him what he should do and he said that nobody was going to tell him. The second point he made in the meeting was that his conscience was going to be his guide.

The CHAIRMAN. His conscience?

Mr. LOOMIS. His conscience. And my answer to that was that I am afraid we would have chaos in this country if every person could run around and act in concert with his own conscience.

The CHAIRMAN. I do not care about continuing this any further, but is there any other reason why your relationship with him was terminated other than the fact that has been revealed here by these documents, that you were trying to keep him on the right track?

Mr. LOOMIS. I don't know specifically of any others.

The CHAIRMAN. That is all.

Mr. Counsel?

Mr. KENNEDY. Would you say from an analysis of Mr. Beck's role during this period of time that he was using his position with the teamsters to increase his own financial interest, to increase himself financially and his family?

Mr. LOOMIS. I think that is quite apparent, sir.

Mr. KENNEDY. And that you broke with him because you felt that he was not meeting his trust as the president of the International Brotherhood of Teamsters?

Mr. LOOMIS. Yes.

Mr. KENNEDY. Do you feel that you were correct?

Mr. LOOMIS. I certainly do.

The CHAIRMAN. Are there any further questions?

Senator Ervin?

Senator ERVIN. As I understand you, when you protested to Mr. Beck about his disregard for the rules of law which govern the conduct of fiduciaries, he told you in substance that he was going by his own conscience rather than by those rules?

Mr. LOOMIS. That is correct. Although in Chicago, Senator, I had happened to be attending the National Convention of Security Analysts, I happen to be a member of the New York society, and Mr. Beck happened to come into the same hotel while I was there.

I spent an hour and a half with him. During that conference, I raised this question again. For once he said, "Well, maybe I will change it," but he never did.

Senator ERVIN. It is a fact that the primary rule governing the conduct of trustees is that they shall not use their powers as trustees to enrich themselves at the expense of their beneficiaries; is that not true?

Mr. LOOMIS. I think they may not only not use them, they may not even appear to do so.

Senator ERVIN. That is right. That is all.

The CHAIRMAN. Are there any other questions?

If not, thank you very much, Mr. Loomis.

The committee will stand in recess until 10 o'clock in the morning.

(Members of the select committee present at the taking of the recess were Senators McClellan, Ervin, McNamara, and Curtis.)

(Whereupon, at 3:45 p. m., the hearing in the above-entitled matter was recessed to reconvene on Friday, May 10, 1957, at 10 a. m.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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FRIDAY, MAY 10, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 10:15 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session: Senators McClellan, Ives, and Curtis.)

The CHAIRMAN. Mr. Don Hedlund, come around, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, an nothing but the truth, so help you God?

Mr. HEDLUND. I do, sir.

## TESTIMONY OF DONALD HEDLUND

The CHAIRMAN. State your name and your place of residence and your business or occupation, please, sir.

Mr. HEDLUND. My name is Donald Hedlund. I live in Seattle, Wash., and I am a mortgage banker.

The CHAIRMAN. Have you talked to members of the staff, Mr. Hedlund, with reference to your testimony?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. Have you elected to waive counsel?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. Thank you very much.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Hedlund, would you tell the committee a little of your background, where you were born?

Mr. HEDLUND. I was born in Minneapolis, Minn., and I was in the hotel business for some 17 years and in the mortgage business for the past 20 years.

Mr. KENNEDY. When did you move to Seattle?

Mr. HEDLUND. I moved to Seattle about 1931, in the fall.

(At this point, Senator Goldwater entered the hearing room.)

Mr. KENNEDY. You said you have been in the mortgage business for a number of years?

Mr. HEDLUND. About 20 years, Mr. Kennedy.

Mr. KENNEDY. You have been associated during the last few years with the National Mortgage Co.?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. When was that formed?

Mr. HEDLUND. It was formed the latter part of September of 1953.

Mr. KENNEDY. The latter part of September of 1953?

Mr. HEDLUND. 1953; yes.

Mr. KENNEDY. And who were the people that formed that company?

Mr. HEDLUND. The people that formed the company were Sherman Stephens, Joseph McEvoy, and myself, and some of the employees of the organization.

Mr. KENNEDY. Excuse me. You will have to speak up. I cannot hear you very well.

Mr. HEDLUND. Sherman Stephens, Joseph McEvoy, some of the employees of the organization, and myself.

Mr. KENNEDY. And how much money was put into it to form that company, to set that company up?

Mr. HEDLUND. About \$104,000.

Mr. KENNEDY. Now, did Mr. McEvoy and Mr. Sherman Stephens put up a share of that money?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. How much did each person put up?

Mr. HEDLUND. Approximately \$35,000 a person. Mr. Stephens did not put up quite that much.

Mr. KENNEDY. But Mr. McEvoy put up \$35,000?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. At that time, Mr. McEvoy in 1953 was driving a truck for Sunset Distributors Co. His income tax showed he was making approximately \$5,000 or \$6,000 a year. Where did he get the \$35,000?

Mr. HEDLUND. He borrowed the \$35,000 I understand it now, from Mr. Beck.

Mr. KENNEDY. How did you happen to ask Mr. McEvoy to come in to the company originally?

Mr. HEDLUND. I have known Mr. McEvoy and the McEvoy family for quite a while, sir. I asked Mr. McEvoy before that time to join the organization, join my organization and I have asked him since that time to join this organization. He is definitely not interested and has not indicated in the past any interest.

Mr. KENNEDY. I cannot hear you. You will have to speak up.

Mr. HEDLUND. He is not interested in the mortgage business.

Mr. KENNEDY. He is not interested?

Mr. HEDLUND. In joining the organization.

Mr. KENNEDY. How did you convince him to come in to this business?

Mr. HEDLUND. I asked him to come into the business and he came in as a stockholder.

Mr. KENNEDY. You felt that he would have the money to put up to come into that business?

Mr. HEDLUND. Yes, sir, I did.

Mr. KENNEDY. Even though he was driving a truck, the income of which is not very high, and you felt he would have that money?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. The question was never raised in your mind as to where that money came from?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. You just thought of Joseph McEvoy, you liked him and you thought it would be nice to have him in the company.

Mr. HEDLUND. I would have liked to have had him and I still would like to have him in my organization; yes, sir.

Mr. KENNEDY. Did he ever take an interest in the company after that?

Mr. HEDLUND. He has taken an interest as far as director is concerned and that is all, Mr. Kennedy.

Mr. KENNEDY. He does not work around the company?

Mr. HEDLUND. No, sir; he does not.

Mr. KENNEDY. Were you surprised that he could come up with \$35,000?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Where did you think that he might get \$35,000?

Mr. HEDLUND. I just didn't think where he would get the \$35,000, Mr. Kennedy.

Mr. KENNEDY. When you approached him, did you tell him he would have to put up \$35,000?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. And it never occurred to you about where it might come from?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Did you ever discuss with Mr. Dave Beck that his wife's nephew was coming into the company?

Mr. HEDLUND. Yes, sir; I did.

Mr. KENNEDY. What did he say?

Mr. HEDLUND. He said he had no objection to it whatsoever, Mr. Kennedy.

Mr. KENNEDY. Did he feel it was a good idea for his wife's nephew to come into the company?

Mr. HEDLUND. Yes, he did.

Mr. KENNEDY. Did you ever discuss with him that he might put up the \$35,000 for his nephew?

Mr. HEDLUND. No, sir; I did not.

Mr. KENNEDY. You never had any discussion of that kind?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Did you receive a commitment from Mr. Beck that the mortgages from the teamsters organization, from the International Brotherhood of Teamsters, would go through the National Mortgage Co.?

Mr. HEDLUND. Mr. Beck had said that any mortgage loan purchases in the Seattle area on a competitive basis would be through the National Mortgage Co. as a correspondent for the international teamsters Union.

Mr. KENNEDY. Had he said that at the time the company was being set up?

Mr. HEDLUND. When I told him the company was being set up.

Mr. KENNEDY. And he told you that the mortgages would go through the National Mortgage Co.?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Why did he feel that all of the mortgages should go through the National Mortgage Co. instead of mortgage companies throughout the whole of the United States?

Mr. HEDLUND. Mr. Beck had confidence in me, and I had been talking to Mr. Beck as well as to the other funds of a similar nature for a number of years, about going into the mortgage field, with such funds.

Mr. KENNEDY. He just decided that he would pick out one company, and the mortgages would go through the National Mortgage Co., where his nephew happened to be one of the major stockholders.

Mr. HEDLUND. One company as far as the Seattle area loans were concerned.

Mr. KENNEDY. Now, approximately, how much in mortgages have gone through your company?

Mr. HEDLUND. Approximately \$9 million at the present time, Mr. Kennedy.

Mr. KENNEDY. \$9 million?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. In the teamsters mortgages?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Who is the individual in the International Brotherhood of Teamsters that makes a decision as to when a mortgage will be purchased and through what company the mortgage will be purchased?

Mr. HEDLUND. Mr. Beck, sir.

Mr. KENNEDY. Mr. Dave Beck?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. He is the trustee for the funds, is that right?

Mr. HEDLUND. Pardon me, sir. Yes, sir.

Mr. KENNEDY. He is the one who makes the decisions as to from whom the mortgages will be purchased?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Mr. Chairman, we have a document here that we would like to have made an exhibit. This came from the National Mortgage Co. files, and indicates that Mr. Dave Beck is the one to make the decisions for the International Brotherhood of Teamsters. That is as to what mortgages will be purchased.

The CHAIRMAN. The clerk will present to the witness what purports to be a photostatic copy of a document which is dated the 10th day of September, 1954, and among others it is signed by Dave Beck, general president, member of the finance committee of the Teamsters International.

I will present that document to the witness, and Mr. Witness, will you examine it and state if you identify it. Do you recognize it?



Mr. HEDLUND. Yes, sir, I do recognize the document.

The CHAIRMAN. The document may be made exhibit 148.

(The document referred to was marked "Exhibit No. 148" for reference and will be found in the appendix on p. 2478.)

The CHAIRMAN. The document may be returned to counsel.

Mr. KENNEDY. I do not believe it is necessary to read the document into the record, but what it does show is that Mr. Dave Beck has been appointed and assigned by the teamsters to do the purchasing of mortgages for the teamsters, is that not correct?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Now, I was speaking to you about whether you had a commitment from the teamsters, or from Mr. Dave Beck, that the mortgages of the teamsters would be purchased through the National Mortgage Co.

I believe you said that you had such a commitment.

Mr. HEDLUND. There was no written commitment with the exception, to my recollection, of a request or a commitment to purchase about \$4 million or \$4½ million in the Seattle territory.

Mr. KENNEDY. Prior to the time that the National Mortgage Co. was set up, or even established, did you not have a commitment from Mr. Dave Beck that the mortgages would be purchased through the National Mortgage Co.?

Mr. HEDLUND. Yes, sir, when I told him the National Mortgage was being formed.

Mr. KENNEDY. So you had that commitment even before the National Mortgage Co. was set up.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Mr. Chairman, we have another document, dated October 16, 1953, an application for approval as mortgagee, October 16, 1953, and on page 2 it states:

Our corporation has definite commitments from the International Teamsters Union to investigate their funds in FHA and institutional mortgages. We are members of the Mortgage Bankers Association and use their approved servicing methods.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of application for approval as mortgagee, that is the title of it, signed by National Mortgage Co., Inc., by Sherman S. Stephens, secretary-treasurer and general manager.

Please examine that document and see if you can identify it.

Mr. HEDLUND. Yes, sir, that is the application for approval as an FHA mortgagee.

The CHAIRMAN. That will be made exhibit No. 149.

(The document referred to was marked "Exhibit No. 149" for reference and will be found in the appendix on pp. 2479-2480.)

Mr. KENNEDY. Was it also stipulated by the teamsters that they would not only purchase the mortgages through your company, and the National Mortgage Co., and that stipulation agreement was made prior to the time the National Mortgage Co. was even formed, but that it was also stipulated by the teamsters, by Dave Beck, that the mortgages would be approved, whatever mortgages they were going to purchase would be approved by Mr. Don. Hedlund and Mr. Simon Wampold.

Mr. HEDLUND. I do not remember the approval on the latter name, Mr. Kennedy. I do recall that all mortgages should be approved by myself, yes, sir.

Mr. KENNEDY. The mortgages should be approved by you?

Mr. HEDLUND. For submission to Mr. Beck, yes, sir.

Mr. KENNEDY. We have, Mr. Chairman, two documents, one stating that "Mr. Don Hedlund and Mr. Fred Loomis, acting jointly, will approve for our account the loans to be purchased and all submissions shall be made to them," and what appears to be a later document, although it is undated, that the mortgages are to be approved by Mr. Don Hedlund and Mr. Simon Wampold.

The CHAIRMAN. I present to you a document which appears to be a photostatic copy of a letter from Mr. Dave Beck to Mr. Sherman S. Stephens, and I do not believe it is dated. But I will ask you to examine it and see if you recognize that letter.

(A document was handed to the witness.)

Mr. HEDLUND. I do recognize it, sir.

The CHAIRMAN. It may be made exhibit No. 150.

(The document referred to was marked "Exhibit No. 150" for reference and will be found in the appendix on p. 2481.)

The CHAIRMAN. I present to you another letter, a photostatic copy of a letter or document which appears to be written by Dave Beck, general president, to Mr. Sherman S. Stephens, and apparently this document is undated.

Will you examine it and see if you identify it?

(A document was handed to the witness.)

Mr. HEDLUND. I do recognize it, Mr. Chairman. I do recognize the letter.

The CHAIRMAN. That will be made exhibit No. 151.

(The document referred to was marked "Exhibit No. 151" for reference and will be found in the appendix on p. 2482.)

Mr. KENNEDY. Now, do you know in what bank in Seattle the teamsters keep their money?

Mr. HEDLUND. I believe it is the Seattle First National Bank.

Mr. KENNEDY. Did you receive a commitment in the same day the company put an application in to be formed, a commitment from the Seattle First National Bank for \$1 million?

Mr. HEDLUND. That is correct, for an interim line.

Mr. KENNEDY. For an interim line?

Mr. HEDLUND. Yes, that is usual, Mr. Kennedy.

Mr. KENNEDY. Did Mr. Dave Beck have any conferences with any of the officials?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. That was all conducted by you?

Mr. HEDLUND. No, by Mr. Stephens and by myself.

Mr. KENNEDY. Was the bank informed at that time that Mr. Beck's nephew was to be in the company?

Mr. HEDLUND. I do not know if the bank knew that or not.

Mr. KENNEDY. Mr. Chairman, we have a letter here indicating that the \$1 million has been put as Mr. Hedlund has outlined by the Seattle First National Bank and then a memorandum here taken from the files of the Seattle First National Bank, "Subject: Dave Beck," which reads as follows. May I read it into the record?

The CHAIRMAN. Do you have someone who can testify that these came out of the files of the bank?

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. Let us have him sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BELLINO. I do.

### TESTIMONY OF CARMINE S. BELLINO

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Could we just get this in the record?

The CHAIRMAN. I present to you a photostatic copy of a letter and ask you whether you identify it.

Mr. HEDLUND. Yes, I do recognize this particular letter.

The CHAIRMAN. Read the letter. It will be made exhibit No. 152. (The document referred to follows:)

Mr. HEDLUND. It is addressed to Mr. Sherman Stephens, secretary-treasurer, National Mortgage, Inc., 411 East 72d, Seattle, Wash. [Reading:]

DEAR MR. STEPHENS: We are pleased to advise you that our loan committee today approved a line of credit for the National Mortgage, Inc., in the amount of \$1 million to be secured by assigned FHA and GI real estate mortgage loans committed for by responsible investors.

We thoroughly appreciate the opportunity of doing business with your firm, and we are looking forward with pleasure to a mutually satisfactory relationship.

Very truly yours,

FRANK E. JEROME, *Vice President.*

The CHAIRMAN. Thank you.

Mr. KENNEDY. Would you read a paragraph of this?

The CHAIRMAN. The document which you have in your hand, did you secure that from the files of what organization?

Mr. BELLINO. The First National Bank of Seattle.

The CHAIRMAN. You may read it.

Mr. BELLINO. The subject is Dave Beck [reading]:

The additional \$75,000 loan recently approved for Mr. Beck is to provide funds to enable him to care for his proportionate share of a loan held by our main office on which he is a comaker, together with several other parties associated with him in the Kellerblock Corp., which is a realty holding company which owns the Grosvenor house.

His proportion of this indebtedness amounted to approximately \$35,000 and the balance of it is to provide a portion of the capital going into the National Mortgage Co., a new concern being organized by Mr. Don Hedlund to acquire mortgages for the account principally of the International Teamsters pension fund, we understand.

The CHAIRMAN. That document may be made exhibit No. 153.

(The document referred to was marked "Exhibit No. 153" for reference and will be found in the appendix on p. 2483.)

Mr. KENNEDY. So the situation that we have at this time as you were getting the company established is that Mr. Dave Beck who was international president of the teamsters was the trustee for their funds and was the one to make the decisions as to what funds would be invested in the National Mortgage Co., and the National Mortgage Co. at that time had his nephew as one of the leading stockholders, and that money for the nephew, that \$35,000 had been put up by Mr. Dave Beck.

Following that, some \$9 million of mortgages had been channeled through the National Mortgage Co. Those who were going to approve those mortgages were Mr. Don Hedlund and Mr. Simon Wampold, ultimately, and Mr. Simon Wampold is an attorney for the teamsters.

Could you tell me and tell the committee whether Mr. Simon Wampold or Mr. Dave Beck received directly or indirectly any money from the National Mortgage Co.?

Mr. HEDLUND. May I ask one question here, Mr. Kennedy? I do not believe that Mr. McEvoy is the nephew.

Mr. KENNEDY. What is that?

Mr. HEDLUND. Mr. McEvoy is not the nephew.

Mr. KENNEDY. His wife's nephew?

Mr. HEDLUND. That is correct. I just wanted to be sure that that was correct, sir.

The CHAIRMAN. We will let the record show that he is permanently a nephew of Mrs. Beck, whatever question may be asked, and now we may proceed.

Mr. KENNEDY. Did Mr. Dave Beck, international president of the teamsters, or Mr. Simon Wampold, attorney for the teamsters, receive any money directly or indirectly through any deals that went through the National Mortgage Co.?

Mr. HEDLUND. They received no money from the National Mortgage, Inc.

Mr. KENNEDY. Did they receive any moneys through any dealings that were handled through the National Mortgage Co.?

Mr. HEDLUND. Yes, they did, sir.

Mr. KENNEDY. Mr. Dave Beck, who is international president of the teamsters, and Mr. Simon Wampold, attorney for the teamsters, received some moneys that came out of the International Brotherhood of Teamsters investments in the National Mortgage Co., is that right?

Mr. HEDLUND. No moneys came out of the investments or were paid by the International Teamsters, no, sir.

Mr. KENNEDY. How did the moneys come to Mr. Dave Beck and Mr. Simon Wampold?

Mr. HEDLUND. The money came through the brokerage which I handled separately and independently from National Mortgage, Mr. Kennedy.

Mr. KENNEDY. Were these brokerage deals on the funds that were invested by the International Brotherhood of Teamsters?

Mr. HEDLUND. You mean on loans that the International Teamsters purchased?

Mr. KENNEDY. Yes.

Mr. HEDLUND. They were the result of loans that the international purchased; yes.

Mr. KENNEDY. And these were the brokerage deals of a company that you formed, is that right?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. The moneys came from a company called The Investment Co.?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And from The Investment Co. went to Dave Beck and Mr. Simon Wampold?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And this was on deals that had been originated by the International Brotherhood of Teamsters?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And the funds of the International Brotherhood of Teamsters?

Mr. HEDLUND. They have purchased the loans.

Mr. KENNEDY. And the brokerage was on those loans that the International Brotherhood of Teamsters had purchased?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Now, does Mr. Dave Beck have a brokerage license?

Mr. HEDLUND. There is no brokerage license necessary in that field, Mr. Kennedy.

Mr. KENNEDY. Did Mr. Dave Beck do any work for these moneys?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. And yet he received them, is that correct?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. Would you describe the arrangements of the deals that were made on which he received some moneys?

Mr. HEDLUND. The first one was the loans purchased in Detroit from Lanphar & Co.

Mr. KENNEDY. Who were the loans purchased by?

Mr. HEDLUND. By the International Teamsters Union.

Mr. KENNEDY. Go ahead.

Mr. HEDLUND. And the fee was paid to me.

Mr. KENNEDY. At that time were you representing the International Brotherhood of Teamsters yourself?

Mr. HEDLUND. And Lanphar & Co.

Mr. KENNEDY. Was that understood?

Mr. HEDLUND. That is the usual procedure where you have a broker.

Mr. KENNEDY. Was that understood by the International Brotherhood of Teamsters, that you were going to receive a brokerage fee on this?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. Who in the International Brotherhood of Teamsters knew?

Mr. HEDLUND. I told Mr. Beck, sir.

Mr. KENNEDY. And you told Mr. Beck who also received some of the money?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. You told him that your company and his company was going to receive the brokerage fee?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Did anyone else in the International Brotherhood of Teamsters know about this, other than you and Mr. Beck?

Mr. HEDLUND. He is the only one I have ever corresponded with or discussed any loan relationship with.

Mr. KENNEDY. Did Mr. Simon Wampold know at that time?

Mr. HEDLUND. I do not recall whether Mr. Wampold was told or not, at that time, Mr. Kennedy.

Mr. KENNEDY. Was he told at a later date?

Mr. HEDLUND. Yes; he knew at a later date.

Mr. KENNEDY. And he received some of these moneys, also?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. How much money did you receive on that deal?

Mr. HEDLUND. I think it was approximately \$7,500.

Mr. KENNEDY. Was that money split between you, Dave Beck and Simon Wampold?

Mr. HEDLUND. It went into the investment company, and prior to the end of the year the proceeds in the investment company were distributed between the parties concerned; yes.

The CHAIRMAN. Distributed in what proportion?

Mr. HEDLUND. One-third each, Mr. Chairman.

The CHAIRMAN. Now, let us see if I can get this straight. All three of you were representing the teamsters union, is that correct?

Mr. HEDLUND. That is correct; yes, sir.

The CHAIRMAN. Mr. Beck had the final decision as to the investment of the money for the teamsters union?

Mr. HEDLUND. I believe that is correct, sir.

The CHAIRMAN. And he was making investments of trust funds, fiduciary funds that he was responsible for, being paid a salary by the teamsters union for performing those services as its president, and then taking a commission out of the transactions that he made presumably to serve the interests of the union, is that correct?

Mr. HEDLUND. The funds went into the investment company; yes, they did.

The CHAIRMAN. They got back out of there into Beck's pocket; did they not?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. Now, you say it was understood by Mr. Dave Beck that you were going to receive this commission, but that no one else to your knowledge in the teamsters knew about it?

Mr. HEDLUND. That is correct, Mr. Kennedy.

Mr. KENNEDY. I would like to have this letter placed in the record.

The CHAIRMAN. I present to you what purports to be a photostatic copy of a letter written by Don Hedlund, yourself, to Mr. Dave Beck, dated December 31, 1953, and ask you to examine it and see if you identify it.

(A document was handed to the witness.)

Mr. HEDLUND. Yes, sir, I do, Mr. Chairman.

The CHAIRMAN. The letter will be made Exhibit No. 154.

Mr. KENNEDY. Yes.

The CHAIRMAN. Please read the letter into the record.

(The document referred to follows:)

Mr. HEDLUND. This is addressed to Mr. Dave Beck, International Brotherhood of Teamsters, Warehousemen, Chauffeurs, and Helpers of America, Washington.

DEAR MR. BECK: Attached is a bill for expenses with reference to the loan purchased for the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, in Detroit, Mich.

There has been no charge for the commission, brokerage or time involved. The attached bill merely represents out-of-pocket expenses.

Very truly yours.

(Signed) DON HEDLUND.

Mr. KENNEDY. Could I have it, please?

(The document was handed to Mr. Kennedy.)

Mr. KENNEDY (reading).

DEAR MR. BECK: Attached is a bill for expenses in reference to the loans purchased for the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, in Detroit, Mich.

There has been no charge for commission, brokerage, or time involved. The attached bill merely represents out-of-pocket expenses.

Is that letter correct?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. You did not charge for brokerage?

Mr. HEDLUND. No, sir, I did not.

Mr. KENNEDY. I thought that you said that you did.

Mr. HEDLUND. I did not charge the international teamsters for any time or any brokerage, and that is the reference in that letter, Mr. Kennedy.

Mr. KENNEDY. You got a commission on this deal, Mr. Hedlund.

Mr. HEDLUND. We got a commission from Lanphar & Co.

Mr. KENNEDY. You received a commission on the deal and there is nothing in the letter that indicates you were telling anybody in the International Brotherhood of Teamsters that you were receiving a commission.

Mr. HEDLUND. Not in that letter; no, sir.

Mr. KENNEDY. This bill, of course, would have to be paid not by Mr. Beck, but by Mr. John English, so do you think that you should have set forth in the letter that you were receiving a commission on this deal from the Lanphar people.

Mr. HEDLUND. I did not believe so at the time, Mr. Kennedy.

The CHAIRMAN. What do you believe in retrospect?

Mr. HEDLUND. As it looks now, Mr. Chairman; yes, sir.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Here is the bill, Mr. Chairman, for \$327.40.

The CHAIRMAN. That may be made Exhibit No. 155.

(The document referred to was marked "Exhibit No. 155" for reference and will be found in the appendix on pp. 2484-2485.)

The CHAIRMAN. You charged the expense, notwithstanding the fact that you were making a commission out of it.

Mr. HEDLUND. I charge the expense for the work done.

The CHAIRMAN. Was it paid by the teamsters?

Mr. HEDLUND. Yes, sir; but there was more work done there, Mr. Chairman than the ordinary brokerage.

The CHAIRMAN. You set out the extraordinary work done?

Mr. HEDLUND. Do you wish me to read this? That is stated here, Mr. Chairman. It says, "Stenographic services, postage, and telephone calls to Detroit and Washington, D. C."

The CHAIRMAN. The fellow that is getting the commission is supposed to pay his own expenses out of it; is he not?

Mr. HEDLUND. This was not the total expense involved on these total loans.

The CHAIRMAN. What was the total expense?

Mr. HEDLUND. That I do not recall in detail.

The CHAIRMAN. You got \$7,500 net out of it; did you not?

Mr. HEDLUND. That is not net.

The CHAIRMAN. How much did Dave Beck get out of the \$7,500, when it went into the investment company and then you kicked it back?

Mr. HEDLUND. He got \$2,500, sir.

The CHAIRMAN. He did not pay out any additional expenses; did he?

Mr. HEDLUND. No, sir.

The CHAIRMAN. He got his third?

Mr. HEDLUND. That is correct.

The CHAIRMAN. Now, how much did you get out of it?

Mr. HEDLUND. \$2,500, sir.

The CHAIRMAN. All right, what did the other fellow get?

Mr. HEDLUND. Pardon me, sir?

The CHAIRMAN. Simon Wampold, what did he get out of it?

Mr. HEDLUND. \$2,500, sir.

The CHAIRMAN. You each got \$2,500 and you got your extraordinary expenses above that; did you?

Mr. HEDLUND. These are expenses outside of the normal procedures.

The CHAIRMAN. That is extraordinary, is it not?

Mr. HEDLUND. Yes, if you wish to call it that.

The CHAIRMAN. All right, outside. That is outside the commission.

Mr. HEDLUND. Outside the commission: yes, sir.

The CHAIRMAN. So it did not come out of the commission.

Mr. HEDLUND. No, sir; these expenses do not come out of the commission.

The CHAIRMAN. All right. Thank you.

Mr. KENNEDY. Mr. Chairman, here we have the document showing the photostatic copy of the checks that went to the three individuals.

The CHAIRMAN. I will present to you a photostat of the three checks, showing \$2,500 paid to each one of the three of you, and ask you to examine those photostatic copies and ask if you identify them.

(The document was handed to the witness.)

Mr. HEDLUND. Yes, sir; I do identify them, Mr. Chairman.

The CHAIRMAN. That may be made exhibit 156.

(The document referred to was marked "Exhibit No. 156" for reference and will be found in the appendix on pp. 2486-2488.)

The CHAIRMAN. I present to you here a photostatic copy of the check from Melvin Lanphar & Co., made payable to the Investment Co. in the amount of \$7,523.34.

I will ask you to examine this document and see if you identify it.

(A document was handed to the witness.)

Mr. HEDLUND. Yes, sir; I do recognize it.

The CHAIRMAN. That is what you got out of Lanphar & Co. for commission; is it?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. And so you had five hundred and some dollars there extra to pay expenses, did you not, plus the three hundred and some odd dollars that you billed the union for. Is that correct?

Mr. HEDLUND. \$7,523. The distribution was made of the \$7,500. Mr. Chairman.

The CHAIRMAN. You had \$23 left?

Mr. HEDLUND. Yes, \$23 left, and further distribution was made of that later on.

The CHAIRMAN. We will not go into the \$23 item.

That will be made exhibit No. 157.



(The document referred to was marked "Exhibit No. 157" for reference and will be found in the appendix on p. 2489.)

Mr. KENNEDY. We have a letter dated November 24, 1953, to Mr. Dave Beck from Mr. Sherman Stephens, stating that these mortgages have been purchased and then Mr. Dave Beck's signature at the bottom approving the purchase of these mortgages for the International Brotherhood of Teamsters. It is taken from the files of the National Mortgage Co.

The CHAIRMAN. I present to you a photostatic copy of a letter dated November 24, 1953, addressed to Mr. Dave Beck as president of the International Brotherhood of Teamsters, signed by National Mortgage, Inc., by Sherman Stephens and ask you if you can identify this and also identify Mr. Dave Beck's approval of the purchase on behalf of the teamsters.

(A document was handed to the witness.)

(At this point, Senator Mundt entered the hearing room.)

Mr. HEDLUND. I do recognize this, Mr. Chairman.

The CHAIRMAN. It may be made exhibit No. 158.

(The document referred to was marked "Exhibit No. 158" for reference and will be found in the appendix on pp. 2490-2491.)

The CHAIRMAN. Do you wish it read or do you wish excerpts from it?

Mr. KENNEDY. I would like to state, and maybe Mr. Hedlund would state whether he agrees or not, it is a letter to Mr. Dave Beck stating that these mortgages, Lanphar Mortgages, have been purchased and then at the bottom it is approved by Mr. Dave Beck.

Mr. HEDLUND. Not this particular letter, Mr. Kennedy.

The CHAIRMAN. What does the letter state?

Mr. HEDLUND. The letter states that these loans are being purchased from the Federal Mortgage Association, Mr. Kennedy, and this letter has no reference to the Detroit loans.

The CHAIRMAN. We just pulled the wrong document. Let that remain in the file and it will be used later.

Mr. KENNEDY. But the fact remains, Mr. Dave Beck did approve these loans, the Lanphar mortgages, being purchased by the International Brotherhood of Teamsters?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And Mr. Dave Beck approved your expenses of the \$327?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. We have this letter, Mr. Chairman.

The CHAIRMAN. Let us put it in the record.

I present this to you.

Mr. KENNEDY. Mr. Bellino will have to answer that, I think.

The CHAIRMAN. We will interrogate Mr. Bellino about that document and we will make it an exhibit.

Mr. KENNEDY. Mr. Bellino, this is a bill for the \$327.40, and it has been taken from the files of the International Brotherhood of Teamsters?

Mr. BELLINO. That is correct.

Mr. KENNEDY. And there is a note at the bottom which says, "To Mr. Mullenholz" and what was his position?

Mr. BELLINO. He was the comptroller of the International Brotherhood of Teamsters here in Washington.

Mr. KENNEDY. And the note is dated January 5, 1954, and states:

Mr. Beck has okayed this bill and ask that you send check to Donald Hedlund. Thank you. Marcella Guiry.

Mr. HEDLUND. That is Mr. Beck's secretary.

The CHAIRMAN. That may be made exhibit No. 159.

(The document referred to was marked "Exhibit No. 159" for reference and will be found in the appendix on p. 2492.)

Mr. KENNEDY. Mr. Chairman, we also have a letter here addressed to Mr. John F. English and Mr. Dave Kaplan, members of the finance committee, International Brotherhood of Teamsters, 100 Indiana Avenue NW., Washington, D. C., dated November 2, 1953, from Mr. Dave Beck, in which Mr. Dave Beck sets out the fact that his wife's nephew is a one-third partner, Mr. Joseph McEvoy, in the outstanding stock or owns one-third of the outstanding stock of the National Mortgage Company of Seattle, Wash.

There is, however, no mention of the fact that the money put up by Mr. McEvoy was originally coming from Mr. Dave Beck.

The CHAIRMAN. Where was this secured?

Mr. BELLINO. From the International Brotherhood of Teamsters.

The CHAIRMAN. Let the witness identify them and they will be made exhibit No. 160, 160-A, and 160-B.

Mr. BELLINO. The identification given by Mr. Kennedy is correct.

(The documents referred to were marked "Exhibit No. 160, 160-A and 160-B" for reference and will be found in the appendix on pp. 2493-2495.)

The CHAIRMAN. Were they taken from the files of the International Teamsters?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Now, Mr. Hedlund, were there any other fees or moneys that went to Mr. Dave Beck?

Mr. HEDLUND. Through the purchase of the loan from the——

Mr. KENNEDY. First, how was the investment company formed? What were the arrangements on that?

Mr. HEDLUND. The investment company was first formed in about 1951, Mr. Kennedy.

Mr. KENNEDY. When did Mr. Dave Beck come in?

Mr. HEDLUND. Pardon me?

Mr. KENNEDY. When did Mr. Dave Beck come into it?

Mr. HEDLUND. At that time, sir.

Mr. KENNEDY. He was in in 1951?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. Was there a re-formation of the investment company?

Mr. HEDLUND. There was a re-formation of the investment company and I believe the dates were—and I don't have the document in front of me—about September of 1953 or the fall of 1953, I would say.

Mr. KENNEDY. I will hand you this document.

(A document was handed to the witness.)

Mr. HEDLUND. I was incorrect in my previous date. It was 1952 on the first formation, and re-formed apparently in October of 1953. That is in accordance with this document.

Mr. KENNEDY. That is dated October 29, 1953?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. That letter may be made exhibit 161.

(The document referred to was marked "Exhibit No. 161" for reference, and will be found in the appendix on p. 2496.)

Mr. KENNEDY. Now, here is the partnership agreement between Mr. Dave Beck, Simon Wampold, and Don Hedlund.

The CHAIRMAN. I present to you, Mr. Hedlund, what purports to be a photostatic copy of the partnership agreement entered into between yourself, Mr. Dave Beck, and Mr. Wampold.

Will you examine this document and state whether you identify it? (A document was handed to the witness.)

Mr. HEDLUND. I do recognize the document, Mr. Chairman.

The CHAIRMAN. Is that a photostatic copy of the contract entered into between you?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. It may be made exhibit No. 162.

(The document referred to was marked "Exhibit No. 162" for reference and will be found in the appendix on pp. 2497-2500.)

Mr. KENNEDY. That states that your partnership is going to start on the 1st of September, 1953.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. But yet this document says that the old partnership is dissolved and the new partnership is to begin, and it is dated October 29, 1953.

Mr. HEDLUND. I think that memorandum there is a distribution of the remaining revenues in the old partnership and it refers to a later paragraph there.

Mr. KENNEDY. But you cannot start a new partnership until you close an old partnership, can you?

Mr. HEDLUND. I do not follow you.

Mr. KENNEDY. You cannot start a new partnership until you close out the old partnership.

Mr. HEDLUND. The old partnership was closed out.

Mr. KENNEDY. Well, this document shows it is closed out October 29.

The CHAIRMAN. Refer to it by exhibit number.

Mr. KENNEDY. Exhibit No. 161.

Mr. HEDLUND. Does that document state, Mr. Kennedy, that the partnership is dissolved as of October, or does that show a distribution of the assets of the old partnership, Mr. Kennedy. I believe that is what it is. I think that is a memorandum that shows the distribution of the assets of the old company.

Mr. KENNEDY. Let me read you the first paragraph:

Inasmuch as the investment company, the partnership entered into by us on the 15th day of March, 1952, has not been active or engaged in any business in any way, shape, form, or manner, nor has it incurred any expenses, I deem it advisable at this time, with the consent of all partners, to dissolve this particular partnership.

That is dated October 29.

Mr. HEDLUND. Then I stated that wrong in the memorandum and it shows the distribution of the assets, I believe. I did write the memorandum and I wrote it to keep the records clear of all transactions.

Mr. KENNEDY. There is no date on this and it just makes a statement that this is to start on the 1st of September. Was the reason that you did that so that you could get in this \$7,500 from Lampbar Co.?

Mr. HEDLUND. That is not correct, sir, because they could have gone into the old company just as well as this one.

Mr. KENNEDY. There were different partners in the old company.

Mr. HEDLUND. But I had purchased the assets or rather the partnership portions of the other partner, Mr. Kennedy. So actually, the partners were only the three of us still in the old company.

Mr. KENNEDY. Once you purchase the assets of a partnership, the partnership becomes dead under the law.

Mr. HEDLUND. That is what I was informed, sir, and that is why it was dissolved and the new one formed.

Mr. KENNEDY. Is that why this one was dated back to the 1st of September?

Mr. HEDLUND. No.

Mr. KENNEDY. There is no explanation for it, then?

Mr. HEDLUND. There is no explanation on the dating.

Mr. KENNEDY. So how much did Mr. Dave Beck put into this new partnership?

Mr. HEDLUND. \$250.

Mr. KENNEDY. How much did you put in?

Mr. HEDLUND. \$250.

Mr. KENNEDY. How much did Mr. Simon Wampold put in?

Mr. HEDLUND. \$250.

Mr. KENNEDY. And the first money that came in to that partnership were the moneys, approximately \$7,500, that came in on these Lanphar mortgages?

Mr. HEDLUND. That is correct, Mr. Kennedy.

Mr. KENNEDY. Now, what was the next deal that Mr. Dave Beck shared in?

Mr. HEDLUND. Those were on the loans that the International purchased from the Federal National Mortgage Association.

Mr. KENNEDY. Would you describe that to the committee?

Mr. HEDLUND. Loans were purchased from the Federal National Mortgage Association and they were seasoned loans and had been serviced by them for 3 years or longer. They were purchased, and I do not recall the exact discount of FNMA at that time, but I believe it was somewhere around 96.

Mr. KENNEDY. And the International Brotherhood of Teamsters purchased them?

Mr. HEDLUND. They purchased the loans from the Federal National Mortgage Association, yes, sir.

Mr. KENNEDY. Who made the decision on that?

Mr. HEDLUND. Mr. Beck made that decision.

Mr. KENNEDY. Is that the letter that we put in?

Mr. HEDLUND. That was the letter; yes, Mr. Kennedy.

Mr. KENNEDY. And that was approval by Mr. Dave Beck for the purchase of these mortgages?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Did Mr. Dave Beck share in some way in that from the Investment Company, or through the Investment Company?

Mr. HEDLUND. National Mortgage paid a brokerage to the Investment Company on those particular loans.

Mr. KENNEDY. At that time, in this transaction, were you again representing the International Brotherhood of Teamsters?

Mr. HEDLUND. That is correct, sir.

MR. KENNEDY. So you were representing them and Mr. Simon Wampold was the attorney for the teamsters, and Mr. Dave Beck was the international president of the teamsters, and gave approval for the loan and you all three shared in the brokerage fee?

MR. HEDLUND. That is correct.

MR. KENNEDY. How much money did you receive on that?

MR. HEDLUND. On that purchase, I am trying to recall from memory, I think it was somewhere in the neighborhood of \$10,000 to \$12,000, Mr. Kennedy.

MR. KENNEDY. This is a summary of that, I think.

THE CHAIRMAN. The Chair presents to you another document and asks you if you identify it.

(A document was handed to the witness.)

THE CHAIRMAN. I present you two more documents, photostatic copies of documents that may help you identify the one that you now hold in your hand. Please examine these.

MR. HEDLUND. Do you wish them taken one by one, Mr. Chairman?

THE CHAIRMAN. You identify the first one, will you please.

MR. HEDLUND. I do identify the first one.

THE CHAIRMAN. What is it?

MR. HEDLUND. It is a summary of transactions on the purchase of loans from FNMA, dated September 30, 1954.

THE CHAIRMAN. It may be made exhibit No. 163.

(The document referred to was marked "Exhibit No. 163" for reference and will be found in the appendix on p. 250.)

THE CHAIRMAN. Now, examine the other two documents you have, and identify those, one at a time.

MR. HEDLUND. The other two documents are apparently photocopies of a general ledger of National Mortgage, Inc., files.

THE CHAIRMAN. Do you recognize them?

MR. HEDLUND. I am not familiar with all of these general ledger files, but I do recognize this as a National Mortgage general file, Mr. Chairman.

THE CHAIRMAN. You do recognize them as coming out of your ledger?

MR. HEDLUND. I believe they do come out of our ledger. I have not seen every ledger sheet.

THE CHAIRMAN. They may be made exhibit 163A.

(The documents referred to were marked "Exhibit No. 163A" for reference and will be found in the appendix on pp. 2502-2503.)

MR. KENNEDY. Our records show that a total of \$2,148,324.89 of FNMA mortgages were purchased by the teamsters, through the National Mortgage Co., and that a fee of half of 1 percent amounting to \$10,741.62 was paid to the investment company, and that this fee was ultimately divided at the end of the year between you, Dave Beck, and Mr. Simon Wampold, attorney for the teamsters, is that correct?

MR. HEDLUND. That is correct, sir.

MR. KENNEDY. And at the same time, Mr. Dave Beck, as trustee for the funds of the International Brotherhood of Teamsters, had approved the purchase of these mortgages, or these loans.

MR. HEDLUND. That is correct, sir.

MR. KENNEDY. And in addition to that there was a fee charged by the National Mortgage Co. in which Mr. Dave Beck's nephew, Mr.

Joe McEvoy, had a third interest, is that right? There was some money that went as a service fee?

Mr. HEDLUND. National Mortgage was to service the loan, because these loans were purchased in the Seattle area.

Mr. KENNEDY. So the National Mortgage Co. received a service fee of half of 1 percent.

Mr. HEDLUND. The usual servicing fee of one-half of 1 percent, yes, sir.

Mr. KENNEDY. And Mr. Joseph McEvoy, the nephew of Mr. Beck's wife, had a third interest in that company.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Now, that \$10,000, as I said, was split between you, Simon Wampold, and Dave Beck?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Were there any other deals or arrangements or financial arrangements from which Mr. Dave Beck benefited from the investment company?

Mr. HEDLUND. We had purchased subsequently one contract. The loan was not held by the Teamsters International, Mr. Kennedy, and it is still held by the investment company.

Mr. KENNEDY. You purchased 35 loans, did you not?

Mr. HEDLUND. No. The investment company never has purchased any loans as such, Mr. Kennedy; no, sir. The investment company does hold one contract, Mr. Kennedy.

Mr. KENNEDY. Could you speak a little slower for me?

Mr. HEDLUND. The investment company—

Mr. KENNEDY. Let me start over again with you.

Did Mr. Beck benefit in any other way other than the two transactions that we have mentioned, from the investment company?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. No other moneys came to him from the investment company?

Mr. HEDLUND. No, sir.

The CHAIRMAN. The Chair presents to you another document, a photostatic copy of a document, consisting of 4 pages. At the moment, I do not see the date on it, but I will ask you to examine it and see if you identify it and can state what it is.

(Document handed to witness.)

(At this point, Senator Goldwater withdrew from the hearing room.)

The CHAIRMAN. Can you identify the document?

Mr. HEDLUND. Yes, sir, I do, Mr. Chairman.

The CHAIRMAN. What is it?

Mr. HEDLUND. These are the closing statements referring to a particular loan. One is the seller's statement, the other is a purchaser's statement, audit statement, and the other is the certificate of loan disbursement on the Veterans' Administration form which is sent to the Veterans' Administration, sir.

The CHAIRMAN. That document may be made exhibit 164.

(Document referred to was marked "Exhibit No. 164," for reference and will be found in the appendix on pp. 2504-2508.)

Mr. KENNEDY. Did any of the moneys from that loan go to the investment company?

Mr. HEDLUND. A particular assignment was on that particular loan, according to the notation there, and according to the closing statement, went to the investment company; yes, it did, Mr. Kennedy.

Mr. KENNEDY. Then that, in turn, went to Mr. Dave Beck, did it not?

Mr. HEDLUND. That was included, Mr. Kennedy, in whatever the other amount was that that concerned, sir. That was the method of the brokerage fee that was paid on the loans purchased from the Federal National Mortgage Association, Mr. Kennedy.

Mr. KENNEDY. Our records show that there were commissions on proceeds of 35 loans, similar to that one, closed by the National Mortgage, Inc., and that the investment company received on that \$4,197.25, which was again split three ways. You are not familiar with that at all?

Mr. HEDLUND. I do not recall that separate transaction, no, Mr. Kennedy.

The CHAIRMAN. Do you deny it?

Mr. HEDLUND. It is possible.

The CHAIRMAN. It is possible it occurred?

Mr. HEDLUND. It is possible to occur; yes, sir, if the record is there.

The CHAIRMAN. I just want to find out.

Mr. HEDLUND. If Mr. Kennedy has it, I will accede to it.

Mr. KENNEDY. What we find as the total, I believe, for 1954, is the total that the investment company received, was \$20,425.37. Is that correct?

Mr. HEDLUND. That is correct, Mr. Kennedy.

Mr. KENNEDY. So that there has to be another deal, other than the two that you originally mentioned, the Lanphar, which was for \$7,500 approximately, the commission on the purchase of the FNMA mortgages, which was for \$10,741.62, and this other one that I just mentioned is the third one for a total of \$4,197.25, making a total of \$20,425.37.

That is including the expenses for the year, Mr. Hedlund. The expenses have been taken out of that. That is after the expenses. That is the amount that was split between the three of you.

Mr. HEDLUND. That would be correct, because this statement here, which comes from the general ledger, shows twelve-thousand-nine-hundred-and-some-odd dollars, Mr. Kennedy, and this particular document that we have here, which is 164, is listed in the general statement here. So this amount is listed in this \$12,000, Mr. Kennedy.

(At this point, Senator Mundt withdrew from the hearing room.)

Mr. KENNEDY. What does that all mean? What do you mean?

Mr. HEDLUND. The commission that was paid is listed in this particular document.

Mr. KENNEDY. Are there 3 deals or 2 deals?

Mr. HEDLUND. There were 2 deals, Mr. Kennedy.

Mr. KENNEDY. And the \$10,741.62 is not the total?

Mr. HEDLUND. This one shows, I believe, \$12,901.93, Mr. Kennedy. the general ledger sheet. It shows \$12,901.93.

Mr. KENNEDY. I believe that was the distribution that was made, Mr. Hedlund.

Mr. HEDLUND. No, this amount was apparently disbursed by National Mortgage to the investment company, yes sir.

Mr. KENNEDY. That is correct.

Mr. HEDLUND. That is correct. And add this together with the \$7,553 and I think we arrive pretty close around the \$20,000.

Mr. KENNEDY. But that is the distribution that the National Mortgage Co. made to the investment company.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And does not set forth the fact that there was only one deal that encompassed the figure but there were two deals. There was one from FNMA mortgages totaling \$10,741.62, and there was a third of 35 loans closed by National Mortgage totaling \$4,197.25.

Mr. HEDLUND. That represents the two purchases, then, from the Federal National.

Mr. KENNEDY. There are two purchases.

Mr. HEDLUND. The FNMA. Yes; on two separate commitments.

Mr. KENNEDY. Right.

Mr. HEDLUND. And this is a recap of the two.

Mr. KENNEDY. Right. So there was the first deal from Lanphar, and 2 separate purchases from FNMA, which makes 3 deals.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. This third deal that we are talking about, there were also teamster funds involved; is that right?

Mr. HEDLUND. The second purchase from the Federal National Mortgage Association; yes, sir.

Mr. KENNEDY. I am talking now about the fact that there was one from Lanphar.

Mr. HEDLUND. Right.

Mr. KENNEDY. And there is another for the \$10,741.62. There is a third one that we have to make up the total of \$20,000, approximately.

Mr. HEDLUND. The third one represented the purchases, then, from FNMA.

Mr. KENNEDY. Was that again with teamster funds?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And Mr. Dave Beck approved the use of teamster funds?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And Mr. Dave Beck, then, shared from the Investment Co.?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And his wife's nephew, Mr. Joseph McEvoy, shared from whatever money went into the National Mortgage Co.?

Mr. HEDLUND. Any profits that might accrue in the National Mortgage, as a stockholder's; yes, sir.

Mr. KENNEDY. The total, therefore, that was split amongst the 3 of you was \$20,425.27?

Mr. HEDLUND. I will accept that figure as correct; yes, sir.

Mr. KENNEDY. Mr. Chairman, here is the further distribution of the proceeds of \$4,308.42 amongst Mr. Simon Wampold, Mr. Dave Beck, and Mr. Donald Hedlund.

The CHAIRMAN. The Chair presents to you three photostatic copies of checks and asks you to identify them.

(Documents handed to witness.)

Mr. HEDLUND. I do identify this, Mr. Chairman.

The CHAIRMAN. What are they?



Mr. HEDLUND. They are three checks, one made out to Dave Beck, another one made out to Don Hedlund and a third one made out to Simon Wampold, sir.

The CHAIRMAN. In what amounts?

Mr. HEDLUND. \$4,308.42 each, sir.

The CHAIRMAN. Thank you very much. That is the distribution of funds from the Investment Co.?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. To the three partners?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Thank you very much.

They may be made exhibit No. 165.

(The document referred to was marked "Exhibit No. 165," for reference and will be found in the appendix on pp. 2509-2511.)

Mr. KENNEDY. Can I just summarize this with you so that we make sure we have it? From Lanphar, the Investment Co. received \$7,-523.34 which was split \$2,500 apiece to each one of you.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Then on the FNMA mortgages, the Investment Co. received \$10,741.52?

Mr. HEDLUND. I will take that figure; yes, sir.

Mr. KENNEDY. Then we find it is a discount. You describe it as another FNMA purchase. But we find it as a discount differential on 35 loan transactions that were handled by National Mortgage, Inc. The total for that that was split in the Investment Co. was \$4,197.25, the transaction we just mentioned.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Then there is another unexplained credit of \$936 which we have no explanation for.

Mr. HEDLUND. I do not recall that one, Mr. Kennedy.

Mr. KENNEDY. Then the expenses during this period of time were \$2,972.94?

Mr. HEDLUND. If you have it there, I will accept it. It is taken from our records, sir.

Mr. KENNEDY. That makes a total that was split amongst the 3 of you of \$20,425.27.

Mr. HEDLUND. I have not added it, but I will accept it, Mr. Kennedy.

Mr. KENNEDY. That was split amongst you, Simon Wampold, and Dave Beck.

Mr. HEDLUND. Yes, sir, from the Investment Co.

Mr. KENNEDY. I would like to ask you about whether you had any other business transactions with Mr. Dave Beck.

Mr. HEDLUND. Yes, sir; I have.

Mr. KENNEDY. Specifically in May of 1956, did you have a business transaction that involved Mr. Dave Beck?

Mr. HEDLUND. That would be the purchase, then, of contracts.

Mr. KENNEDY. These are purchases of contracts that were originally purchased for \$71,407.03?

Mr. HEDLUND. I believe that is the correct amount.

Mr. KENNEDY. And those contracts were ultimately sold to a Mrs. Ray Leheney; is that correct?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Mrs. Ray Leheney was the widow of Mr. Ray Leheney whom we have discussed here before?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And Mr. Ray Leheney, as I understand it, was a great and dear friend of Mr. Dave Beck?

Mr. HEDLUND. That is my understanding, also.

The CHAIRMAN. Is she the lady, when her husband died, they raised some \$80,000 for her, through assessment or voluntary contribution of the union members?

Mr. HEDLUND. That is correct, Mr. Chairman.

The CHAIRMAN. That is the lady we are talking about, sir?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. I think the record shows that Mr. Ray Leheney was such a close friend of Mr. Dave Beck, and trusted him, and they were such dear friends, that Mr. Dave Beck was made trustee for Mrs. Ray Leheney.

Mr. HEDLUND. That I cannot answer, Mr. Kennedy.

Mr. KENNEDY. I think the record shows that, that Mr. Dave Beck was made trustee of these funds, Mr. Chairman, for Mrs. Ray Leheney.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. The records of the National Mortgage Co. indicate that on May 29, 1956, the teamsters purchased mortgage contracts at a cost of \$71,407.03. Is that correct?

Mr. HEDLUND. No; they did not purchase them, Mr. Kennedy.

Mr. KENNEDY. They did not purchase them?

Mr. HEDLUND. No, sir. Merely a loan was made.

Mr. KENNEDY. Would you agree with me that the records of the National Mortgage Co. would seem to indicate that they had purchased them?

Mr. HEDLUND. No; they did not purchase them.

Mr. KENNEDY. Would you agree with me that looking over the records of the National Mortgage Co., it would appear that they had purchased them?

Mr. HEDLUND. To a person not familiar with the business; yes, sir.

Mr. KENNEDY. Was the International Brotherhood of Teamsters informed that they had not purchased them?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Who was informed?

Mr. HEDLUND. Mr. Beck was informed.

Mr. KENNEDY. So Mr. Beck knew that they hadn't purchased them. Who had purchased them?

Mr. HEDLUND. Who had purchased the contracts?

Mr. KENNEDY. If the International Brotherhood had not purchased them, who had purchased them?

Mr. HEDLUND. Mr. Beck and I purchased the contracts, sir.

Mr. KENNEDY. You as individuals purchased them?

Mr. HEDLUND. Yes, we purchased the contracts.

Mr. KENNEDY. So, you, Mr. Dave Beck, and Mr. Hedlund, told the teamsters that the teamsters had not purchased them, but that Mr. Don Hedlund and Mr. Dave Beck as individuals purchased them?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Who put up the money to purchase them?

Mr. HEDLUND. I had a commitment to borrow it from the Seattle First National Bank.

Mr. KENNEDY. Who put up the money for it?

Mr. HEDLUND. I asked Mr. Beck, and he said "We would like to make the loan from the teamsters" and the loan was made from the teamsters.

Mr. KENNEDY. So the teamsters put up the money?

Mr. HEDLUND. They loaned the money on the contracts; yes, sir.

Mr. KENNEDY. To whom did they loan the money?

Mr. HEDLUND. They loaned the money to the National Mortgage, and assignment of the contracts was made to the teamsters as collateral or as security.

Mr. KENNEDY. The money had been loaned to whom, again? The National Mortgage Co.?

Mr. HEDLUND. To the National Mortgage Co., who were acting as an agent for ourselves, sir.

Mr. KENNEDY. And Mr. Dave Beck was aware of the fact—the problem for us is, just again reviewing the documents and the letters, it would appear, at least, to the teamsters that they had purchased these mortgages, but now you say all they did was loan the money to the National Mortgage Co.?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Actually, was that money then loaned from the National Mortgage Co. to you and Mr. Dave Beck?

Mr. HEDLUND. I don't—

Mr. KENNEDY. What happened to that money then? That money was used, was it, to buy—

Mr. HEDLUND. That money was used to pay the contracts, to pay for the contracts.

The CHAIRMAN. Was that the National Mortgage Co.?

Mr. HEDLUND. National Mortgage, Inc.

The CHAIRMAN. That is a corporation, is it not?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. The teamsters loaned the money to that corporation to buy these mortgages, to buy these contracts?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. The contracts, however, were not bought in the name of the company that borrowed the money, is that right?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. They were bought in the name of two individuals, including your own?

Mr. HEDLUND. No, sir. They were bought in the name of National Mortgage for the purpose of assignment.

The CHAIRMAN. They were?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. They were bought in the name of the National Mortgage?

Mr. HEDLUND. That is correct.

The CHAIRMAN. Proceed. I did not quite understand it.

Mr. KENNEDY. Now let us go on. The loans were kept, these purchases were kept, for approximately 6 or 7 months, is that right, until the end of December or the beginning of January of the following year?

Mr. HEDLUND. About January of the following year; yes, Mr. Kennedy.

Mr. KENNEDY. About January 2 of the following year?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. During this period of time, had Mr. Don Hedlund and Mr. Dave Beck, as individuals, put up any money?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. During this 6 or 7 months, some \$10,000, some \$10,-269.83, had been paid off on these loans; is that right?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. So by the end of December of 1956, these mortgages, these loans, were worth approximately \$61,137.21?

Mr. HEDLUND. That was the amount of money borrowed against the contracts, Mr. Kennedy. The face value of the contracts would be somewhat beyond that, sir.

Mr. KENNEDY. The face value of the contracts was \$71,607.32.

Mr. HEDLUND. At that time, sir?

Mr. KENNEDY. Yes.

Is that correct?

Mr. HEDLUND. That would be about correct; yes, sir.

Mr. KENNEDY. These mortgages, as we pointed out originally, were ultimately sold; is that right?

Mr. HEDLUND. Contracts. I am sorry.

Mr. KENNEDY. The contracts were sold?

Mr. HEDLUND. Yes, sir; they were.

Mr. KENNEDY. And the contracts were sold to the Ray Leheney Memorial Fund?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And the person who would make a decision on that would be Mr. Dave Beck?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. In other words, Mr. Beck was selling his personal property that he had gotten in this maneuver, selling it to a memorial fund of which he was trustee, trustee for the benefit of the widow of his dearest friend; is that right?

Mr. HEDLUND. That is correct.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Chairman, we have here a letter dated November 16, 1956, to Mrs. Ray Leheney from Mr. Dave Beck. May I read that into the record?

The CHAIRMAN. We will have to identify it.

Mr. KENNEDY. Mr. Bellino, will you identify this?

Mr. BELLINO. Yes. This is a letter which was sent to us by Mrs. Leheney.

The CHAIRMAN. Mrs. Leheney sent you the letter in connection with this investigation?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. The letter may be read into the record.

Mr. KENNEDY. It is on the stationery of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, dated November 16, 1956. It reads as follows:

DEAR TERRY: I am addressing this letter to you as it pertains to our conversation relative to the investment of approximately \$76,000 which is held in trust in the Raymond Leheney Memorial Fund for you.

Since returning north and in harmony with my promise to you, I have investigated the best procedure for investments as it relates thereto. I have kept in mind that the money is not drawing interest at the moment, but I have weighed this against tying it up so that it would not be available for investment on the long pull which is the most important consideration. I have sincerely determined, subject to your approval, to invest the money in first mortgages to yield approximately 6.8 percent, which in dollars to you would be approximately \$425 per month earned income. There would be set up a trust account through the National Mortgage, Inc., for you for the purpose of reinvestment of the principal whenever the amount was sufficient for that purpose or when a good investment was available. There would be a remittance to you once every 3 months or we could make it more often if you needed it. If you do not, however, then from a bookkeeping standpoint it is better on a 3 months' basis.

I could go into this in considerable detail, but I assure you, Terry, that this investment procedure is of the best. I have every confidence in Mr. Don Hedlund of the National Mortgage, Inc., who is handling this with me. He is also associated with our international union in an advisory capacity in the handling of our international funds.

The contracts that we intend to purchase are first mortgage investments and would not be available until January 1. We would make the investment as of January 1 and you would start receiving your interest return from that date forward. I have committed my self to the purchase of the contracts, but, if you in any sense object, I can cancel the deal. I do recommend it, however, to you as in my judgment I believe you will get a very fine return on your investment with the maximum of safety.

Dorothy and I enjoyed a great deal being with you and I only trust and hope that you can find an opportunity some time during the next few months to come to Seattle with the baby and visit with us. I should be delighted to send you a ticket if you can do so.

With warmest best personal wishes to you and my deepest regards to your father, I am

Sincerely,

DAVE.

The CHAIRMAN. That is a handwritten letter?

Mr. KENNEDY. No, the "Dave" was handwritten.

So those mortgages were ultimately sold to the Ray Leheney Memorial Fund?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And Mr. Dave Beck, Mr. Hedlund, Mr. Dave Beck writes "I have committed myself to the purchase of the contracts, but, if you in any sense object, I can cancel the deal."

What he is saying is that he has committed himself and you to the purchase of the contracts, is that right?

Mr. HEDLUND. Yes, he has said that. But I would have liked to have retained the contracts.

Mr. KENNEDY. But he has committed himself, Dave Beck, trustee for Mrs. Leheney, the wife of his best friend, committed himself to Mr. Dave Beck and Mr. Don Hedlund to purchase these contracts?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And this money had all been put up by Mr. Dave Beck, president of the International Brotherhood of Teamsters?

Mr. HEDLUND. As a loan on the contracts, yes, sir.

Mr. KENNEDY. These loans that he approved, he had examined as Mr. Dave Beck, trustee for Mrs. Leheney. He purchased those, Mr. Hedlund, he purchased those for Mrs. Leheney for \$71,607.32. He sold those to Dave Beck.

No, Dave Beck, as an individual, Dave Beck and Don Hedlund, as individuals, sold to Dave Beck as trustee for \$71,607.32, for Mrs. Leheney, the wife of Dave Beck's best friend, and on that deal, Mr. Dave Beck and Mr. Don Hedlund, as individuals, made \$11,585.04; is that correct?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And in the meantime, the teamsters, the International Brotherhood of Teamsters, were informed, or Mr. Dave Beck, as international president of the Brotherhood of Teamsters was told, that these mortgages had been disposed of, and they were given a check for \$61,000.

Mr. HEDLUND. The unpaid principal balance of the note.

Mr. KENNEDY. \$61,137.21.

Mr. HEDLUND. That is correct. Could I comment on those contracts, Mr. Kennedy?

The CHAIRMAN. I beg your pardon?

Mr. HEDLUND. May I comment just a minute on those contracts?

The CHAIRMAN. Yes, after you answer this question: Did it ever occur to you to tell Mrs. Leheney, did it every occur to you or Mr. Beck to tell Mrs. Leheney, what was involved in this transaction?

Mr. HEDLUND. I did not, sir. I have never met Mrs. Leheney, to my knowledge.

The CHAIRMAN. Did you know Mr. Beck was withholding this information from her?

Mr. HEDLUND. From Mrs. Leheney?

The CHAIRMAN. Yes.

Mr. HEDLUND. No, sir, I would not.

The CHAIRMAN. Would you have gone through with the transaction had you known it?

Mr. HEDLUND. That he was withholding information?

The CHAIRMAN. Sure, that he was selling her his own goods and making a profit, or selling them for you, to himself as trustee for the memorial fund set up for her. Would you consider that ethical?

Mr. HEDLUND. I cannot answer that question for him, sir.

The CHAIRMAN. You cannot?

Mr. HEDLUND. No, sir.

The CHAIRMAN. Do you mean you do not have a judgment or an opinion as to whether that is ethical conduct or not?

Mr. HEDLUND. If all the facts are not revealed it is not ethical; that is correct, Mr. Chairman.

The CHAIRMAN. If what?

Mr. HEDLUND. If all the facts are not revealed, it is not ethical, but I revealed all the facts, sir.

The CHAIRMAN. I am talking about his part in it. You say you revealed all the facts. You revealed it to Dave Beck. You knew he was trustee of that fund, did you not?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. You knew you were selling, you and Dave Beck as partners and owners of these contracts were selling, them to him as trustee of a fund. You knew that, did you not?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. Was it not a part of your duty and obligation to know the fiduciary of the one he was trustee for should have full information about it, that you were making a profit of it and that he was making a profit out of it?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. You think that should have been divulged?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Thank you.

Mr. HEDLUND. May I make a comment now, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. HEDLUND. These contracts were purchased for the purpose of an investment basis. They were not purchased in order to sell the contracts. They were picked up at a discount, as usual contracts are. Mr. Beck did ask and had asked if there was any real estate investments that could go into this particular fund. I told him about these contracts, but said as far as I was concerned, I would not be willing to sell the contracts except at par, on those particular contracts.

The CHAIRMAN. I understand that is good business, to make a profit. There is no question in that.

Mr. HEDLUND. The return was good on these particular contracts, of approximately 6.8 percent.

Thank you.

The CHAIRMAN. But like you, I agree, I question the ethics of selling to myself as trustee without divulging that information and the profit I am making out of it to the one for whom I am trustee. I question the propriety of that. Do you?

Mr. HEDLUND. I do, sir.

The CHAIRMAN. Thank you.

Mr. KENNEDY. During this whole period of time, again going back, no money had been put up by Mr. Don Hedlund and Mr. Dave Beck?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. The money for this transaction had been put up by Mr. Dave Beck, trustee of the International Brotherhood of Teamsters?

Mr. HEDLUND. That is correct. But I could have borrowed it from the Seattle First National. There was a commitment from the bank.

Mr. KENNEDY. What actually happened was that the money came from the International Brotherhood of Teamsters and was put up by Mr. Dave Beck as trustee for him.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. During this period of time, the teamsters, at least the auditing division of the International Brotherhood of Teamsters, though they had purchased these loans, did they not?

Mr. HEDLUND. No, sir. It was simply a loan on these particular loans as far as we are concerned.

Mr. KENNEDY. Let me show you a letter dated August 22, 1956.

The CHAIRMAN. I present you here what purports to be a photostatic copy of a letter dated August 22, 1956, to a Mr. Henry Ronie, National Mortgage, Inc., from William T. Mullenholz, Comptroller. See if you identify that.

(Document handed to witness.)

Mr. HEDLUND. I have not seen this letter before, but it is the usual type of letter, so I will identify it, Mr. Chairman.

The CHAIRMAN. Let it be made exhibit 166. It may be read. If there is any question about the authenticity of it, I will place another witness on the stand to verify it.

Mr. HEDLUND. I have no question, Mr. Chairman.

The CHAIRMAN. Thank you.

(The document referred to follows.)

Mr. KENNEDY. This is dated August 26, 1956, some 3 months after the money had been put up by the International Brotherhood of

Teamsters, and is addressed to Mr. Henry Roine, National Mortgage, Inc., 224 Dexter Ave., Seattle, Wash.

DEAR HENRY: On May 28, 1956, the International purchased 42 real estate contracts from B. & V. Development Co. through your firm in the amount of \$71,407.03.

Unlike past experience, with respect to the B-1 and the B-2, we have not received a detailed list of the number, name, and amount of each contract. Would you please favor us with this information?

Cordially yours,

WILLIAM T. MULLENHOLZ, *Comptroller*.

The CHAIRMAN. May I ask you, at this point, does that refer to the same contracts that were sold to the Leheney Foundation?

Mr. HEDLUND. That apparently refers to the same contracts, but they were not purchased, Mr. Chairman.

The CHAIRMAN. There is a little conflict here.

Mr. HEDLUND. They were not purchased, sir.

Mr. KENNEDY. At least at that time, a representative of the teamsters, other than Mr. Dave Beck, thought they had been purchased, did he not?

Mr. HEDLUND. He calls them purchase, but they are on a temporary line, Mr. Kennedy.

Mr. KENNEDY. This is Mr. Mullenholz, who has responsibilities over there, and at least he thought they were purchasing them.

Mr. HEDLUND. That is not correct, sir.

Mr. KENNEDY. They were not purchasing them?

Mr. HEDLUND. No, sir; they were not.

Mr. KENNEDY. Who was purchasing them?

Mr. HEDLUND. Mr. Beck and myself were purchasing the contracts, but they were held for us in the name of National Mortgage on an escrow basis, Mr. Kennedy. But the contracts were not purchased, no sir, by the International.

Mr. KENNEDY. If they weren't purchased by the International, then they were purchased by National Mortgage Co.?

Mr. HEDLUND. They were purchased in the name of National Mortgage Co., sir.

Mr. KENNEDY. Did you have some contract with the National Mortgage Co., indicating that they were purchasing these?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Did Mr. Dave Beck and Mr. Donald Hedlund sign a contract with them?

Mr. HEDLUND. No, sir; we did not.

Mr. KENNEDY. Do you think that should have been done, if this was a genuine transaction?

Mr. HEDLUND. We carried that on a memorandum from Mr. Roine, the Comptroller, to myself, Mr. Kennedy. It is in letter form.

The CHAIRMAN. Do you have a copy of that memorandum?

Mr. HEDLUND. I do not have it here, sir. I have no records with me, Mr. Chairman.

Mr. KENNEDY. Let me ask you this: On these other transactions that we mentioned earlier, where Mr. Dave Beck received a percentage of the commission from the Investment Co., do you think that that was a proper, ethical way to handle business?

Mr. HEDLUND. I did; yes, sir.

Mr. KENNEDY. Do you now?



Mr. HEDLUND. In view of circumstances, I will answer "No, sir."

Mr. KENNEDY. You do not think so any more?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And you think that this transaction that we have just been discussing was an ethical way to handle business?

Mr. HEDLUND. I do on this one, sir.

Mr. KENNEDY. You do think that?

Mr. HEDLUND. I do on this one, because it was a good investment for this particular fund. I will be very glad to buy the contracts back again and hold them.

Mr. KENNEDY. And give \$11,000 back to Mrs. Leheney?

Mr. HEDLUND. I will be very glad to buy the contracts back again at the face value, sir.

Mr. KENNEDY. Would you be willing to restore the money to Mrs. Leheney that came through this transaction so that she would get the full value of them?

Mr. HEDLUND. The full value of the contracts; I will be very happy to do so.

Mr. KENNEDY. Will you be willing to restore some \$11,000 to the teamsters or to Mrs. Leheney?

Mr. HEDLUND. There was no \$11,000, sir.

Mr. KENNEDY. There was approximately \$11,000 profit to you and Mr. Dave Beck.

Mr. HEDLUND. I bought the contracts at a discount.

Mr. KENNEDY. Is it usual—

Mr. HEDLUND. I would not sell the contracts at a discount, Mr. Kennedy. I would sell them at par value. I sold them at par value. I will be glad to buy them back at par value, sir, the same price for which I sold them, less the amounts already paid off that she has received. She is receiving a 6.8 return. Those contracts also are purchased with recourse. If a contract is not paid by the purchaser of the home, the contract will be repurchased from this particular fund, sir.

Mr. KENNEDY. Were these all recorded?

Mr. HEDLUND. These are all recorded contracts, I believe, sir.

Mr. KENNEDY. In whose names?

Mr. HEDLUND. They were recorded initially in the B. & V., I think it is, Development Co.

Mr. KENNEDY. Who were they recorded in originally when they were purchased by the teamsters?

Mr. HEDLUND. The original recording was in the B. & V. Development Co., sir.

Mr. KENNEDY. When they were sold, who were they recorded by?

Mr. HEDLUND. National Mortgage, Inc.

Mr. KENNEDY. Did Mr. Dave Beck's and Mr. Donald Hedlund's names enter into it?

Mr. HEDLUND. No, sir. They acted as agents for us.

Mr. KENNEDY. The teamsters put up the money?

Mr. HEDLUND. The teamsters loaned the money on the contracts, not the face amount but the discounted amount, sir.

Mr. KENNEDY. So that I understand completely, Mr. Dave Beck as International Vice President of the teamsters put up the money originally as trustee of the moneys; he put the money up for the purchase, or for these loans to be purchased?

Mr. HEDLUND. They loaned the money to National Mortgage who held the contracts in National Mortgage's name for us.

Mr. KENNEDY. And this transaction was for Mr. Dave Beck and Mr. Donald Hedlund as individuals.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And these were ultimately sold some 7 months later to Mr. Dave Beck as trustee for Mrs. Leheney for approximately \$10,500 or \$11,000 profit; is that correct?

Mr. HEDLUND. If that is the way that fund reads, that is correct, sir, yes.

Mr. KENNEDY. And that profit went to Mr. Dave Beck as an individual and to Mr. Donald Hedlund as an individual?

Mr. HEDLUND. Pardon?

Mr. KENNEDY. The profit from that transaction went to Mr. Dave Beck as an individual and Mr. Donald Hedlund as an individual?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Let me ask you this: Did you have any other business transactions with Mr. Dave Beck?

Mr. HEDLUND. Yes, I have, sir.

Mr. KENNEDY. Describe those to us.

Mr. HEDLUND. Mr. Beck and I have bought various pieces of land together, sir.

Mr. KENNEDY. You are interested in a company called the Linton Construction Co.?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. You are the majority stockholder in that company?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Did you have some business transactions with them as Dave Beck, individual, and Donald Hedlund, individual?

Mr. HEDLUND. Let me qualify that majority stockholder. That was only done as a convenience to the company and not intended to remain as majority stockholder, Mr. Kennedy.

Pardon me on the question.

Mr. KENNEDY. Did you have some transactions, business transactions, with the Linton Construction Co. as Mr. Dave Beck, individual, and Mr. Donald Hedlund, individual?

Mr. HEDLUND. Yes, sir, we did.

Mr. KENNEDY. You purchased some property, did you not, for some \$28,700.42?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. This land had originally been found by Mr. Linton, of the Linton Construction Co.?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. He put some money down as a downpayment on it?

Mr. HEDLUND. He acted, in the terminology, as a bird dog; yes, sir.

Mr. KENNEDY. So he put some money down and then you came along and you purchased it for \$28,000; you and Mr. Beck purchased it for \$28,700.42?

Mr. HEDLUND. That is correct. He received his downpayment back, sir.

Mr. KENNEDY. And he received his downpayment back.

That was in May, I believe, of 1954?

Mr. HEDLUND. I will accept the date, sir.

Mr. KENNEDY. Then in November of 1954, did you sell that same property that you had purchased for \$28,700.42; did you sell that same piece of property to the Linton Construction Co. for \$45,000?

Mr. HEDLUND. If that is the figure there, that is correct, sir.

Mr. KENNEDY. So that was a profit to you and to Mr. Dave Beck of approximately \$17,000?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And you split that with Mr. Dave Beck?

Mr. HEDLUND. He had a one-half undivided interest in the land as shown on the recording in Snohomish County, State of Washington; yes, sir.

Mr. KENNEDY. That was a rather lucrative deal for Mr. Dave Beck, was it not—

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. In 6 months, to make eight or nine thousand dollars for himself?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And you made the decision in Linton Construction Co. as chief stockholder in Linton Construction Co., in contrast to Donald Hedlund, individual, you made a decision to purchase this property from Donald Hedlund, individual, and Mr. Dave Beck, individual?

Mr. HEDLUND. Linton Construction Co. was anxious to have land, and we were willing to buy land and give them the first refusal to purchase the land.

Mr. KENNEDY. They were anxious to get it. They put the money up originally. They could have gotten it then.

Mr. HEDLUND. They did not have money, as the average builder does not have, to put up for the whole land.

Mr. KENNEDY. Did the teamsters have anything to do with that land?

Mr. HEDLUND. The teamsters had no money in the purchase of the land; no, sir.

Mr. KENNEDY. Did they have anything to do with the project, ultimately?

Mr. HEDLUND. Yes. They took the loans from the Linton Construction Co., Mr. Kennedy.

Mr. KENNEDY. Of approximately \$992,892?

Mr. HEDLUND. I would assume that that is correct; yes, sir.

Mr. KENNEDY. Did Mr. Dave Beck, trustee for the International Brotherhood of Teamsters, make a decision to put in \$992,892 of teamster funds in this project?

Mr. HEDLUND. He made the decision to purchase the loans guaranteed by the Veterans' Administration on the completed houses; yes, sir.

Mr. KENNEDY. As of February 28, 1957, some \$426,700 was due on the above construction to the teamsters, Mr. Chairman.

The CHAIRMAN. Do you mean it is in default?

Mr. HEDLUND. No; it is not in default. It was interim financing, Mr. Chairman.

Mr. KENNEDY. Would you say that that was correct, some \$426,000?

Mr. HEDLUND. I will accept the figure; yes, Mr. Kennedy.

Mr. KENNEDY. Some of these have folded, have they not? Some of these have gone bad?

Mr. HEDLUND. Not to my knowledge.

I would like to see the record, if that is the case. It is possible that there have been a foreclosure.

Mr. KENNEDY. Has there not been some difficulty in some of the construction, that they are not going as quickly as you expected?

Mr. HEDLUND. The sales are not going as quickly. That is true, generally, in the entire district, that the sales are not going as quickly as possible.

Mr. KENNEDY. That bears on the teamster money; does it not?

Mr. HEDLUND. There will be no loss to the teamsters on that at all, sir.

Mr. KENNEDY. You mean what they will have to do is to take over the property?

Mr. HEDLUND. I do not believe so, because the sales are going better now.

(Document handed to witness.)

Mr. KENNEDY. What does it mean by "two Lintons folded" there?

Mr. HEDLUND. She apparently means in this memorandum that the two houses were sold and they were not completed, the sales were not completed. The purchaser could not qualify in the final loan, and, therefore, it is credited back. This is simply a report on the construction loans, on money that has been advanced.

Mr. KENNEDY. At least some of them are not going as well as they might go; is that right?

Mr. HEDLUND. The sale on any particular house—the earnest money is taken, Mr. Kennedy, which does not necessarily designate a sale. The borrower must qualify for the loan. In the meantime, it is, in one sense of the word, considered a sale until the qualifications of the borrower have been approved, and until the home loan guaranty of the Veterans' Administration has guaranteed the loan as far as the veteran is concerned.

Mr. KENNEDY. This is teamster money that is involved?

Mr. HEDLUND. The interim financing as well as the final is involved.

Mr. KENNEDY. Where is this piece of property located? In Seattle?

Mr. HEDLUND. No. It is located in Snohomish County, which is the adjacent county to King County. King County is Seattle.

Mr. KENNEDY. Whereabouts is it located?

Mr. HEDLUND. It is north. It is between Everett and Seattle, to identify it.

Mr. KENNEDY. What are the street addresses of it?

Mr. HEDLUND. I cannot answer that, sir. It is in Snohomish County. It would be about 185th Southwest, I believe, sir, but that would be a Snohomish County address, not King County or not Seattle.

Mr. KENNEDY. Were there any other pieces of property that you and Mr. Beck purchased?

Mr. HEDLUND. We have purchased, all told, five parcels of property, sir.

Mr. KENNEDY. And when you purchased 1 of the 5, in addition to the 1 that we mentioned, was that also purchased through the Linton Construction Co.?

Mr. HEDLUND. They were all five purchased through the Linton Construction Co.

Mr. KENNEDY. Did Mr. Dave Beck share in the profits on all of those?

Mr. HEDLUND. They have not all been sold.

Mr. KENNEDY. Those in the sales to the Linton Construction Co.?

Mr. HEDLUND. Two have been sold, and the other three are being still held, sir.

Mr. KENNEDY. Out of the 5, you still hold 3 of them; is that right?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And the second one, did you sell it to the Linton Construction Co.?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And was this another arrangement where Mr. Linton, of the Linton Construction Co., had seen some property that he thought might be worth purchasing and made a downpayment on it?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And you people, you, Don Hedlund and Dave Beck, as individuals, stepped in and purchased that property for \$13,785.02?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And then some 6 months later you sold, Dave Beck and Don Hedlund sold, this property to the Linton Construction Co. for \$20,000?

Mr. HEDLUND. That is correct. That would be the first piece, wouldn't it, Mr. Kennedy?

Mr. KENNEDY. Excuse me?

Mr. HEDLUND. That would be the first piece?

Mr. KENNEDY. That would be the first piece. When was that, approximately, during what period of time?

Mr. HEDLUND. I believe that would be 1954. I wouldn't be too sure of the date.

Mr. KENNEDY. So Mr. Beck received a profit on that transaction of approximately \$3,500?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. There was just, I believe, 2 months between the purchase of the property and then the sale to the Linton Construction Co.? The records show there were only 2 months.

Mr. HEDLUND. If the record show that, that is correct, Mr. Kennedy.

Mr. KENNEDY. And you, as chief stockholder in the Linton Construction Co., made the decision to purchase this property and give this profit to Mr. Beck; is that right?

Mr. HEDLUND. That is correct. But I would like to clarify that chief stockholder word, if I may, Mr. Kennedy. Linton Construction Co. desired land in Anacortes in order to build in Anacortes, Wash. Linton Construction Co. asked to find an investor who would buy the land and sell it back to them. I said I couldn't find one that fast, but I would be very happy to do it. In order to bolster the statement of the Linton Construction Co., I purchased \$15,000 worth of additional stock myself, with the verbal agreement with the Linton Construction Co., when it was in a position to do so, it would buy that stock back again, and the stock ownership would then be equal again between the persons involved, Mr. Kennedy.

MR. KENNEDY. Do you recognize, Mr. Hedlund, that this would be a very good way for you to repay any favors to Mr. Dave Beck in this matter of buying and selling this land for such a tremendous profit over such a short period of time, that any favors that the International Brotherhood of Teamsters might give to you, the National Mortgage Co., through the Investment Co., through any other companies, that this might be a method of repaying those favors to Mr. Dave Beck?

MR. HEDLUND. That thought never occurred to me, and we can also lose on the other land that we have purchased.

MR. KENNEDY. Did not the teamsters, on the second piece of property, put some money up on that, also?

MR. HEDLUND. Not for the purchase of the land, no, sir. Again, it was for purchasing the GI loans.

MR. KENNEDY. How much money have they invested in that?

MR. HEDLUND. I do not have the figures with me, Mr. Kennedy. I believe you have them.

MR. KENNEDY. But that decision about putting the money into that land was also made by Mr. Dave Beck, trustee?

MR. HEDLUND. Not in the land, sir.

MR. KENNEDY. No. In the construction.

MR. HEDLUND. And in the ultimate GI loan, that is correct, sir. But not in the land.

MR. KENNEDY. You say that never occurred to you, that this would be a method whereby you could make a payoff to Mr. Dave Beck?

MR. HEDLUND. There was no necessity, as far as Don Hedlund is concerned.

MR. KENNEDY. You recognize, however, that you have received certain favors from Mr. Dave Beck as international president of the teamsters?

MR. HEDLUND. And I believe that that is based on my competency as a mortgage man, sir.

MR. KENNEDY. As he said in his letter yesterday to Mr. Fred Loomis, he felt like he should reward his friends or put any business of the teamsters through his friends. He felt that was better than putting it through an absolute stranger. You have been a friend of his, so you have received certain benefits from your friendship with Mr. Dave Beck, is that correct?

MR. HEDLUND. We also receive those benefits from our friends, and that is correct; yes, sir.

MR. KENNEDY. And if you wanted to repay those favors, not only could you repay them by giving him a percentage of the investment company, not only Mr. Dave Beck but Mr. Simon Wampold, the attorney for the teamsters, but you could also repay him by buying back the land at the tremendous profit.

MR. HEDLUND. Mr. Beck is not the only person that I have gone into land investments or other investments with, of similar character, Mr. Kennedy. I was very happy to do it at that particular time. But there was no intention of paying back any favors. It was enjoying a business relationship which, as far as I am concerned, has been, at that point, a good one, because I have not been connected with the union nor any transaction—

MR. KENNEDY. You recognize that the land being purchased for \$28,000 and then sold within 6 months for \$45,000, and in another

transaction the land was purchased for \$13,000 and sold within 2 months for \$20,000, is quite a considerable profit to Mr. Dave Beck?

Mr. HEDLUND. As far as I am concerned, Mr. Kennedy, I am not at all interested in purchasing any land between Seattle and Everett on a speculative basis unless there is a possible return of 2 to 1, sir. If I pay \$500 an acre for the land, I would not sell that land for less than \$1,000 or \$1,500 per acre.

Mr. KENNEDY. The person who purchased the land, then, was Mr. Donald Hedlund of the Linton Construction Co.

Mr. HEDLUND. No; Don Hedlund as an individual with Mr. Dave Beck as an individual, sir.

Mr. KENNEDY. But they purchased the land originally and then sold it to Mr. Don Hedlund of the Linton Construction Co. for this tremendous profit.

Mr. HEDLUND. It was sold to the Linton Construction Co., sir.

Mr. KENNEDY. Through the chief stockholder, Mr. Donald Hedlund.

Mr. HEDLUND. A stockholder as a convenience to the company, sir.

Mr. KENNEDY. I don't care if it was a convenience to the company. The fact is that you were the chief stockholder, the one making the decision.

Mr. HEDLUND. That is correct. I have said that before, sir.

The CHAIRMAN. The committee will stand in recess until 2 o'clock.

(Whereupon, at 12 noon, the committee recessed, to reconvene at 2 p. m., the same day.)

(Members present at the taking of the recess: Senators McClellan and Curtis.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session: Senators McClellan and Curtis.)

The CHAIRMAN. Mr. Hedlund, will you take the stand, please?

#### TESTIMONY OF DONALD HEDLUND—Resumed

The CHAIRMAN. Will you proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Hedlund, were there any other companies that Mr. Beck had an interest in or any of his family had an interest in with whom you were connected?

Mr. HEDLUND. Insurance Brokers, Inc.

Mr. KENNEDY. What was Insurance Brokers, Inc.?

Mr. HEDLUND. It is to write insurance.

Mr. KENNEDY. Excuse me?

Mr. HEDLUND. To write fire and casualty and life insurance.

Mr. KENNEDY. When was Insurance Brokers, Inc., formed?

Mr. HEDLUND. That was formed the latter part of September of 1953.

Mr. KENNEDY. Who are the stockholders in that?

Mr. HEDLUND. Stockholders in that are Sherman Stephens, Joseph McEvoy, and Mr. McHugh, and myself, sir.

The CHAIRMAN. That is four of you?

Mr. HEDLUND. Yes, sir; that is correct.

Mr. KENNEDY. What percentage of the stock do you own, each one of you?

Mr. HEDLUND. May I make one correction there? Mr. Causey is also a stockholder.

Mr. KENNEDY. So that there are five stockholders?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. What percentage of the stock do each one of you own?

Mr. HEDLUND. There is some division there and I do not recall it. Mr. McEvoy, I believe, has 22½ percent.

Mr. KENNEDY. Mr. Donald Hedlund 22½ percent and Mr. Sherman Stephens 22½ percent.

Mr. HEDLUND. That is right, sir.

Mr. KENNEDY. Mr. Joseph McEvoy, 22½ percent.

Mr. HEDLUND. That is right.

Mr. KENNEDY. Mr. McHugh, 22½ percent and Mr. Causey, 10 percent.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And the total amount that you have invested or was invested in that company was \$500.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. \$112.50 by Hedlund, and the same for Stephens, and the same for McEvoy, and the same for McHigh, and \$50 for Mr. Causey.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Now, what is the total amount of business that that company has done, from 1955 through 1956?

Mr. HEDLUND. I cannot answer the question as to the total amount.

Mr. KENNEDY. Has that company done any business with the teamsters?

Mr. HEDLUND. Yes; it has, sir.

Mr. KENNEDY. What business has it done with the teamsters?

Mr. HEDLUND. I believe it has the policies to automobiles of the eastern conference, sir.

The CHAIRMAN. Let me ask again. I am not sure that I get the amount. How much was the total investment in it?

Mr. HEDLUND. Total investment in the company is \$500.

The CHAIRMAN. \$500?

Mr. HEDLUND. Yes, sir.

The CHAIRMAN. That was its assets?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You say that you have the insurance on the automobiles of the Eastern Conference of Teamsters?

Mr. HEDLUND. I believe that is correct.

Mr. KENNEDY. How was that arranged?

Mr. HEDLUND. That was arranged through Mr. Beck.

Mr. KENNEDY. Well, what conversations did you have with him about that?

Mr. HEDLUND. Conversations, I believe, went on between Mr. Beck and Mr. McHugh, who was operating the insurance company, Mr. Kennedy.

Mr. KENNEDY. Did you discuss it with Mr. Beck?

Mr. HEDLUND. Only to the extent that if it were possible we would like to have whatever insurance there might be on a competitive basis.

Mr. KENNEDY. Could you tell the committee why the Eastern Conference of Teamsters, the cars belonging to the Eastern Conference of



Teamsters, which is here on the east coast, would go to an insurance company in Seattle to put their insurance?

Mr. HEDLUND. I cannot answer that question.

Mr. KENNEDY. Which was a company which had only \$500?

Mr. HEDLUND. I cannot answer that question.

Mr. KENNEDY. Does it seem a little peculiar to you?

Mr. HEDLUND. No, sir.

The CHAIRMAN. You mean a \$500 company, all of the assets it had, and the teamsters union, and a branch of it over on the east coast would go from the east coast to the west coast to place its insurance with a \$500 insurance company? You say there is nothing unusual about that?

Mr. HEDLUND. No, sir, Mr. Chairman. I believe I have enough confidence in myself that I could start an insurance company, that is writing insurance, fire, casualty insurance, and of that nature, with \$500, and make a success out of that company and have the assets grow.

Actually, there is no need of money except to pay immediate salaries or rent in that type of business. It is an agency business and not the underwriting.

The CHAIRMAN. I see. There was not any influence used to get this business transferred out there?

Mr. HEDLUND. No, sir.

The CHAIRMAN. It just so happened?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Of course, it so happened through the direction of Mr. Beck. You know that; do you not?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And Mr. Beck's wife's nephew is one of the stockholders?

Mr. HEDLUND. That is correct, Mr. McEvoy is.

Mr. KENNEDY. Now, the records show that from October 1, 1955, through September 30, 1956, that the total receipts for that insurance company were \$265,285.56. From that total of \$265,000 it is broken down from the National Mortgage Co., \$73,909.93. From the Linton Construction Co., \$3,289.70. From the teamsters, \$25,735.39. From Bell & Valdez, \$22,758.85.

From others, \$139,591.69. Do those figures sound correct to you?

Mr. HEDLUND. I would not know. That sounds, however, Mr. Kennedy, like they are. Those are premium dollars and not the commission dollars.

Mr. KENNEDY. That is the premium.

Mr. HEDLUND. They sound like the premium dollars which is due to a great degree, to the insurance companies who underwrote the risks.

Mr. KENNEDY. From the teamsters, you received from having the insurance on the automobiles belonging to the Eastern Conference of Teamsters, some \$25,735.93.

Mr. HEDLUND. The commission on that would be about 20 percent, and that sounds like the premium dollars, Mr. Kennedy, and the commission on that would be about 15 to 20 percent, and I would not be sure of the exact figure.

Those figures sound like the premium dollars. That is not the commission dollars.

Mr. KENNEDY. Did you say you did not have any discussions with Mr. Dave Beck about this yourself?

Mr. HEDLUND. About what?

Mr. KENNEDY. About putting the insurance on the automobiles of the Eastern Conference of Teamsters.

Mr. HEDLUND. Oh, no. I said, "Yes," I had discussions with him but not to details.

Mr. KENNEDY. But you did have conferences with him about that?

Mr. HEDLUND. Not conferences, no; I asked him if there was any possible business.

Mr. KENNEDY. Now, we have here a letter dated July 26, 1954, Mr. Chairman.

The CHAIRMAN. The Chair presents to you a letter, a photostatic copy of what purports to be a letter from you to Mr. Thomas Flynn, of July 26, 1954.

Mr. Flynn is chairman of the Eastern Conference International Brotherhood of Teamsters. Would you examine that and see whether you can identify it as a copy of the letter you wrote at that time.

Mr. HEDLUND. I do recognize the letter, Mr. Chairman.

The CHAIRMAN. It may be made exhibit 167.

(The document referred to was marked "Exhibit No. 167" for reference and will be found in the appendix on p. 2512.)

The CHAIRMAN. Are there any quotes from the letter?

Mr. KENNEDY. Yes, sir, it is addressed to Mr. Thomas Flynn, chairman of the Eastern Conference of Teamsters. It is signed Mr. Don Hedlund and reads:

DEAR MR. FLYNN: In accordance with the instructions from Dave Beck, we have written in the name of the Eastern Conference, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, combined automobile policy on the Pontiac automobiles upon which you are taking delivery.

Then it gives the details of it. It is not necessary to read the rest of the letter.

The CHAIRMAN. All right.

Mr. KENNEDY. Now, Mr. Hedlund, we had some testimony yesterday regarding a deal in Honolulu that the teamsters were at least temporarily interested in. Did you have any part in that?

Mr. HEDLUND. Yes, sir, I did.

Mr. KENNEDY. Now, the testimony was that there was a \$7,500 item that was supposed to go as a kickback to you and to Mr. Dave Beck if the deal had gone through.

Could you tell the committee anything about that?

Mr. HEDLUND. I know nothing about that.

Mr. KENNEDY. You know nothing about that?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Why was the \$7,500 extra written into this finance fee? Let us go back. Had the finance fee originally been \$20,000?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. It had not?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. What had the finance fee originally been?

Mr. HEDLUND. The finance fee had not been settled upon. The contractor who also would be the owners or the sponsor of the apartment house to be erected over there, had presented an estimated cost breakdown which included the financing fee.

We accepted the cost breakdown for preliminary figures. I said we would not undertake to secure a commitment and do the appraisal and all of the necessary work for that type of fee, and I thought it should be at least equal to those permitted by the FIAA on the program or those permitted on the 207 program, which is 1½ percent on the face amount of the loan.

After considerable discussions, it was finally compromised at a fee of \$27,500. The cost breakdown was changed accordingly.

Mr. KENNEDY. Now, the financing fee, to go back to my original question, was it not originally stated to be \$20,000?

Mr. HEDLUND. That was a stated estimate of the contractors that they presented to us but a figure we had not discussed or agreed upon, Mr. Kennedy.

Mr. KENNEDY. It was increased to \$27,500?

Mr. HEDLUND. It was made \$27,500 when we took the applications for the loan.

Mr. KENNEDY. But you agreed initially it had been stipulated as being \$20,000.

Mr. HEDLUND. We had not stipulated ourselves that it would be \$20,000.

Mr. KENNEDY. Somebody had stipulated.

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Was the figure \$20,000 ever discussed?

Mr. HEDLUND. The figure of \$20,000 was given in the cost breakdown, Mr. Kennedy, that was made by the sponsors or the contractors before the loan was ever submitted to us. We had nothing to do with the figures in the cost breakdown originally.

Mr. KENNEDY. Did you change this as it was written here in the finance fee? Did you change it or have anything to do with changing it or erasing or scratching through the \$20,000 and putting \$27,500?

Mr. HEDLUND. I do not recall on that, but the only fee I agreed upon to take the application was \$27,500.

Mr. KENNEDY. Now, Mr. Loomis testified yesterday that he had some conversations with Mr. Sherman Stephens, your partner, that this \$7,500 was to be split with Mr. Dave Beck. Is that correct?

Mr. HEDLUND. That is not correct to my knowledge.

Mr. KENNEDY. He did not discuss it with you?

Mr. HEDLUND. He did not discuss it with me.

Mr. KENNEDY. He never did?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. He never mentioned about Dave Beck receiving any money?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Would you have thought it was wrong for Mr. Dave Beck to have received any of this?

Mr. HEDLUND. I would have.

Mr. KENNEDY. You would have thought it was wrong?

Mr. HEDLUND. Absolutely.

Mr. KENNEDY. Why did you not think it was wrong when he received part of the money through the Investment Co., for instance, in the Lanphar mortgages?

Mr. HEDLUND. We were on a brokerage basis on that and this was a direct loan, that was being made.

Mr. KENNEDY. Why could he not also have received a commission on this?

Mr. HEDLUND. We would not have paid Mr. Beck any commission on this or any other official.

Mr. KENNEDY. The commission was paid to Mr. Dave Beck in the Lanphar mortgages.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And commission was paid in 2 or 3 other matters.

Mr. HEDLUND. The commission was paid to the Investment Co. and he had an interest in the Investment Co., that is correct.

Mr. KENNEDY. Did he ever do any work in the Investment Co. himself?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. And yet he got a commission?

Mr. HEDLUND. He got part of the profits of the Investment Co., yes.

(At this point, Senator Mundt entered the room.)

Mr. KENNEDY. You never discussed this with Mr. Sherman Stephens about this Dave Beck matter, receiving part of the \$7,500?

Mr. HEDLUND. No.

Mr. KENNEDY. You never did?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Has this question not been raised to you before?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. And you never bothered to ask?

Mr. HEDLUND. I asked Mr. Stephens and he said, "No."

Mr. KENNEDY. He said he never heard of it?

Mr. HEDLUND. No distribution.

Mr. KENNEDY. That is what he told you?

Mr. HEDLUND. That is correct and I have never even entered into the conversation.

(At this point, Senator Ervin entered the room.)

Mr. KENNEDY. Let me just go back and summarize what we have found then, today, Mr. Hedlund.

You say it was true that the teamsters president, Dave Beck, and his family, profited at least four ways from the some \$9 million of teamsters funds that were invested in the National Mortgage Co.?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Let us see. Did Mr. Beck or his family profit through the National Mortgage Co., through Joe McEvoy, his wife's nephew? That is No. 1.

Mr. HEDLUND. If there is any increase net worth in the National Mortgage Co., Mr. McEvoy is a stockholder.

Mr. KENNEDY. And he profits?

Mr. HEDLUND. He is entitled to the fair value of it and he has not received any dividend.

Mr. KENNEDY. No dividends have been paid so far?

Mr. HEDLUND. No directors fees or any fees of any kind.

Mr. KENNEDY. But the net worth of the National Mortgage Co. has increased since it was formed, has it not?

Mr. HEDLUND. The net worth has increased and I hope it continues to do so.

MR. KENNEDY. So No. 1 would be true, that the National Mortgage Co., through that Dave Beck or his family, profited from the \$9 million that has been invested, is that right?

MR. HEDLUND. The stock ownership of Mr. McEvoy—

MR. KENNEDY. Just answer the question. Is it not true that the interest that Mr. Joe McEvoy has in the National Mortgage Co., Dave Beck and his family have profited from the \$9 million of teamsters funds that have been invested?

MR. HEDLUND. The stock ownership—

MR. KENNEDY. Could you just answer the question.

MR. HEDLUND. The servicing is on more than \$9 million so far as the total portfolio of National Mortgage Co. is concerned.

MR. KENNEDY. I am talking about the teamsters funds.

MR. HEDLUND. So it is only part, as one correspondent.

MR. KENNEDY. Now, has Mr. Joe McEvoy profited from that?

MR. HEDLUND. To the extent that the net assets of the National Mortgage Co. might increase, Mr. McEvoy's stock as well as my stock or anybody else's is worth more.

MR. KENNEDY. Do you know how much it has increased?

MR. HEDLUND. The net worth of the National Mortgage Co. after 3 years of operation is about \$146,000.

MR. KENNEDY. How much was put in it?

MR. HEDLUND. \$104,000.

MR. KENNEDY. It has increased.

MR. HEDLUND. It has increased; yes.

MR. KENNEDY. Now, to go back, in at least one instance Teamster President Dave Beck and his family, or his family, have profited from the \$9 million of teamster funds that have been invested in the National Mortgage Co.

MR. HEDLUND. To the extent—

MR. KENNEDY. Just answer the question. If you want to say, "No, they haven't," or "Yes, they have," you can say that. You can give your explanation, also.

MR. HEDLUND. It is only a part. That would make his stock increase.

MR. KENNEDY. But it has increased, has it not?

MR. HEDLUND. The value of the stock has increased. But if the \$9 million were only on the books, Mr. Kennedy, the value of National Mortgage Co. would not have increased to this extent.

MR. KENNEDY. No, but it has increased.

MR. HEDLUND. It has increased over the total picture.

MR. KENNEDY. That is all I wanted to know. Thank you.

Now, hasn't Mr. Dave Beck or his family, Mr. Dave Beck specifically, No. 2, profited financially from the investment company?

MR. HEDLUND. Yes, sir.

MR. KENNEDY. That would be No. 2.

MR. HEDLUND. Yes, sir.

MR. KENNEDY. Those are the funds or moneys that went through the National Mortgage Co. and then were channeled through the investment company, so that would be a second way that they have profited.

MR. HEDLUND. Yes, profited through the investment company.

Mr. KENNEDY. So we agree on two of them.

Now, three, through the sale of the property which was subsequently financed by the teamsters, the sale of the property from you and Dave Beck to the Linton Construction Co., and that property was ultimately financed by the teamsters, is that correct? That is, through the National Mortgage Co.?

Mr. HEDLUND. Not the property, Mr. Kennedy.

Mr. KENNEDY. The construction work done on the property.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And the money, the \$45,000 on one hand, and the \$20,000 on the other hand, could not have been paid to you unless the teamsters or someone else put this money up to finance this construction?

Mr. HEDLUND. Unless some investor purchased the loan, that is correct.

Mr. KENNEDY. And it just happened to be the teamsters, and they did it through the National Mortgage Co.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. There would be a third way that Mr. Dave Beck and/or his family profited through the \$9 million that have gone through the National Mortgage Co. You would agree with me on the three, would you not?

Mr. HEDLUND. I would agree he has received the profit on the investments.

Mr. KENNEDY. Then, through the sale to the widow, Mrs. Ray Leheney, one of Mr. Dave Beck's best friends, and the money originally put up by the teamsters, Mr. Dave Beck has profited from that, also, do you agree on that?

Mr. HEDLUND. That is right.

Mr. KENNEDY. So that you would say the teamsters president, Dave Beck, and his family have profited in at least four ways from the \$9 million that has been invested by the teamsters through the National Mortgage Co.?

Mr. HEDLUND. Mr. Kennedy,—

Mr. KENNEDY. You have gone through 1, 2, 3, and 4 and you agree on each one individually and now do you agree on the 4 as a total?

Mr. HEDLUND. It is only a partial thing, and it takes \$8 million to pay current expenses and, therefore, there would have been no profit to that degree on the stock.

Mr. KENNEDY. I am not saying to what degree, and I did not say how much it was. I am just saying they have profited from these investments?

Mr. HEDLUND. They have; yes.

Mr. KENNEDY. In 4 ways, in the 4 ways that I have enumerated.

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Now, would you say in retrospect, looking back, that Mr. Dave Beck's activities in this field as a trustee would be considered by you to be unethical and improper?

Mr. HEDLUND. I don't believe I am qualified to speak on that.

Mr. KENNEDY. What is your personal opinion? Do you feel as a partner of Mr. Dave Beck in these transactions, that his actions or activities were improper?

Mr. HEDLUND. I do not believe I am qualified to answer on somebody else.

Mr. KENNEDY. I just want your personal opinion of it. Do you feel what he did was proper or improper?

Mr. HEDLUND. I think it was proper and every record or every action that has been recorded has been made a public record from the beginning.

Mr. KENNEDY. That is not what is always necessary. Sometimes it is something further. Let me ask you about yourself. Do you think that what you did in these transactions was proper or improper as you look back on it.

Mr. HEDLUND. I think it was entirely proper.

Mr. KENNEDY. You do?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. I thought that you said this morning that you felt how you had handled these deals, looking back on it, you would feel that it now looks improper.

Mr. HEDLUND. No, I did not, I do not believe that. I did not say it was improper.

Mr. KENNEDY. How did you describe it this morning?

Mr. HEDLUND. That, I do not recall.

Mr. KENNEDY. Let me ask you, do you think that what you did, and how you benefited from these transactions through the Investment Co. and through the sale to Ray Leheney's widow, do you feel those activities on your part were completely proper?

Mr. HEDLUND. That sale is one that was done from the heart rather than the head.

Mr. KENNEDY. Could you just answer the question?

Mr. HEDLUND. I feel it is proper in lieu of the statement that I have just made, in that particular respect. That was done from the heart rather than from the head, and I know that to be a fact. I am willing to buy those contracts back again.

Mr. KENNEDY. Doing it from the heart also gained you approximately \$11,000 profit, you and Mr. Beck.

Mr. HEDLUND. It came to an \$11,000 profit, but I gave up a good income out of those contracts that I would just as soon have maintained, Mr. Kennedy.

Mr. KENNEDY. Do you feel that was a proper action on your part?

Mr. HEDLUND. I think that was a quite proper action on my part.

Mr. KENNEDY. And you feel Mr. Dave Beck receiving kickbacks through the investment company was proper?

Mr. HEDLUND. I am not speaking for Mr. Beck, Mr. Kennedy.

Mr. KENNEDY. Do you feel it was proper or improper now? That is, looking back on it.

Mr. HEDLUND. I am not expressing my feelings as to the personalities of anybody concerned, Mr. Kennedy.

Mr. KENNEDY. Will you give me what you think?

Mr. HEDLUND. I would like to keep my own personal feelings to myself.

Mr. KENNEDY. What do you think as far as——

Mr. HEDLUND. I have never been ashamed of the business I have conducted with anybody in the past, including Mr. Beck, and I have never hidden the fact that I have done business with Mr. Beck or joined in with him in purchasing land.

I have done so on a straightforward basis and the record will so indicate.

Mr. KENNEDY. Then, you find nothing wrong in what you did, as far as these financial transactions were concerned.

Mr. HEDLUND. As far as I am concerned, I find nothing wrong.

Mr. KENNEDY. And you would say, I understand that you teach school, you would teach to your students that what you have done in this transaction and making this arrangement with Mr. Dave Beck the trustee of these funds, you would teach them that that would be perfectly proper for them to do when they get out in the business world?

Mr. HEDLUND. You know, Mr. Kennedy, I did not make any such statement and I am very happy that you have brought that up, because I would never bring it up. But I received a wire from my students, "You can teach us any time," and signed by all of the students, which was sent to me the other day, which I think expresses the feeling that the students plus the prior students I have had, had for me as their teacher in the days past, and I am very happy and I am very proud of it.

I am sorry you brought it up, Mr. Kennedy.

Mr. KENNEDY. I am glad you had a chance to get the telegram in. What is the school?

Mr. HEDLUND. The school is a Jesuit University of Seattle University.

Mr. KENNEDY. Would you say in your teaching of your school, you teach them what you have done in these transactions that they should go out into the business world and follow the same procedure, as far making arrangements with trustees of funds?

Mr. HEDLUND. I am not teaching that part of the subject.

Mr. KENNEDY. You are teaching mortgages, are you?

Mr. HEDLUND. I am teaching mortgages, real estate, and appraisal.

Mr. KENNEDY. So you are not teaching that? So you would never get into telling them what they should or should not do?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. You do not teach ethics?

Mr. HEDLUND. I am not teaching ethics; no, sir.

Senator MUNDT. That is leaving it at a curious place. If you were teaching ethics, would you find anything about your arrangements that you would consider unethical?

Mr. HEDLUND. No, Senator, I did not find anything about my arrangements that I thought was unethical.

Senator MUNDT. Or your business activities?

Mr. HEDLUND. No, sir, I have never considered anything I have done in business unethical, sir.

Mr. KENNEDY. Could I just read you an excerpt from American Jurisprudence, volume 54, on the subject of Trusts? Page 249, section 314, states as follows:

A trustee is at all times disabled from obtaining any personal benefit, advantage, gain, or profit out of his administration of the trust, his dealing with the trust property, or his relation to the trust estate.

Nothing in the law of fiduciary trusts is better settled than that the trustee shall not be allowed to advantage himself in dealings with the trust estate.

Did that ever come to your attention while you were teaching at the Seattle University?

Mr. HEDLUND. I have not studied law, Mr. Kennedy.

Mr. KENNEDY. You never heard of anything like that?



Mr. HEDLUND. No, sir.

Mr. KENNEDY. Do you want the citation again? When you go back you might want to look it up. Would you like to write it down?

Mr. HEDLUND. It is not necessary, Mr. Kennedy.

Mr. KENNEDY. Well, it is volume 54, from the American Jurisprudence, page 249, section 314.

Now, it would appear that Mr. Beck would have violated that trust in the 3 transactions that he had with the Investment Company, and it would appear that he violated the law and violated this excerpt on trusts on 2 occasions. No. 1, when he dealt with Mrs. Lehaney's funds and No. 2, when the loan was made by the International Brotherhood of Teamsters, and the loan was made to him unbeknownst to the International Brotherhood of Teamsters on that \$71,000. So there would appear to be perhaps five violations of this trust.

Would you have any comment on it?

Mr. HEDLUND. I have no comment, Mr. Kennedy.

Mr. KENNEDY. You never knew that a trustee is at all times disabled from obtaining any personal benefit or advantage, gain or profit out of his administration of the trust?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. You never knew that?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions?

Mr. KENNEDY. Just a moment, Mr. Chairman, we do not have Mr. Stephens here. We did not bring him back.

However, we did interview him, or Mr. Bellino interviewed him out in Seattle and Mr. Bellino has a memorandum on his interview with him.

He was asked about this Honolulu deal, and at that time he stated that Mr. Beck was to receive some of the funds from the \$7,500, and he stated that the portion for Beck was to pay for his expenses.

The CHAIRMAN. Well, the proper way to handle that is to make a statement as to what Mr. Stephens reported to our investigator, and ask this witness if it is true or false.

Mr. KENNEDY. Mr. Stephens has reported that the \$7,500 over the \$20,000 was to be split one-third for Hedlund, one-third for himself, and one-third for Beck. He stated that the portion for Beck was to pay for his expenses. Is that true or not?

Mr. HEDLUND. That is not true.

Mr. KENNEDY. And Mr. Stephens has never discussed this with you?

Mr. HEDLUND. He had no discussion with me on that.

Mr. KENNEDY. You say that is untrue?

Mr. HEDLUND. It was never discussed with me, and as to what Mr. Stephens said, I was not present.

Mr. KENNEDY. Is that true that this arrangement had been made?

Mr. HEDLUND. That arrangement had not been made to my knowledge.

Mr. KENNEDY. And if the arrangement had been made, you certainly would know about it?

Mr. HEDLUND. If the arrangement had been made, I would know about it or I should know about it.

Mr. KENNEDY. Can you explain at all why he should give us a different story than you are?

Mr. HEDLUND. No, sir.

Senator MUNDT. Do you know Mr. Stephens?

Mr. HEDLUND. Mr. Stephens is an associate of mine.

Senator MUNDT. A business associate?

Mr. HEDLUND. That is correct, sir.

(Senators present at this point in the proceedings were Senators McClellan, Ervin, Mundt, and Curtis.)

Mr. KENNEDY. Could you explain this letter?

The CHAIRMAN. The Chair presents to you, Mr. Hedlund, a photostatic copy of a letter written on the teamsters stationery, dated December 2, 1955, addressed to you from Mr. Dave Beck, and would you examine this copy and see if you identify it?

(A document was handed to the witness.)

Mr. HEDLUND. I recognize and identify the letter, Mr. Chairman.

The CHAIRMAN. It may be made exhibit 168.

(The document referred to follows:)

Mr. KENNEDY. It is addressed to Mr. Don Hedlund, dated December 2, 1955:

DEAR DON: I am enclosing a check covering a mortgage loan in the amount of \$175,000. I am going through with this because I definitely committed myself and under no conditions would I fail to keep a commitment. But I do want these people to know that they are not following the same procedure in their relations with me and this I resent.

Sincerely yours,

(Signed) DAVE BECK.

What is this all about?

Mr. HEDLUND. I have no idea what that is all about.

Mr. KENNEDY. You don't know anything about that?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Was that in connection with a deal with Hebb and Narodicks?

Mr. HEDLUND. That is Hebb and Narodick; yes, sir.

Mr. KENNEDY. What was it that Mr. Beck resented about Hebb and Narodick?

Mr. HEDLUND. There was some disagreement as far as construction cost was concerned, and Mr. Beck insisted and kept on insisting that the only possible financing that he would do in Honolulu was under the FHA, 207.

Mr. KENNEDY. This is \$175,000 that actually went?

Mr. HEDLUND. He was not referring to the particular one—I don't believe.

Mr. KENNEDY. Do you know what the disagreement was? How were they failing to deal with him in the same way other people were dealing with him?

Mr. HEDLUND. I do not know as to that.

Mr. KENNEDY. Did you pass on his message to them?

Mr. HEDLUND. I passed on the message, and that was it. I did not discuss it.

Mr. KENNEDY. Now, Mr. Beck sold them some property, did he not—Hebb and Narodick?

Mr. HEDLUND. Yes, sir; he did.

Mr. KENNEDY. That was property that was owned by him and Dr. Greenstein?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. And they had paid for that property some \$12,600?

Mr. HEDLUND. I do not know the price they paid for it.

Mr. KENNEDY. Did you arrange the sale?

Mr. HEDLUND. We arranged the sale; yes, sir.

Mr. KENNEDY. The records show that Dr. Greenstein and Mr. Beck paid some \$12,600 for that property, and how much did they sell it to Hebb and Narodick for?

Mr. HEDLUND. If I recall the purchase price correctly, it was about \$85,000.

Mr. KENNEDY. \$85,000?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Did the teamsters ultimately make some loans to Hebb and Narodick to finance buildings going up in that property?

Mr. HEDLUND. The teamsters took a commitment on an apartment house constructed on that location; yes, sir.

Mr. KENNEDY. So that the teamsters put some money into this property of Hebb and Narodick; is that right?

Mr. HEDLUND. The takeout loan, and not the inner financing, Mr. Kennedy. It was the finished product.

Mr. KENNEDY. Was that approximately \$400,000 that was advanced to Hebb and Narodick?

Mr. HEDLUND. It was about \$434,000 or something like that.

Mr. KENNEDY. Was that financed through the National Mortgage Co.?

Mr. HEDLUND. That was a loan arranged through the National Mortgage Co.; yes, sir.

Mr. KENNEDY. So that half of 1 percent went to the National Mortgage Co. on that deal?

Mr. HEDLUND. Servicing fee, when the loan is put into effect, which is not put into effect as yet, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we have an affidavit from Vincent D. Miller, Sr., in which he made a survey of this property, and gave us his estimate as to the worth of the property that was ultimately sold to Hebb and Narodick for \$85,000.

STATE OF WASHINGTON,

*County of King, ss:*

I, Vincent D. Miller, Sr., residing at 1223 Spring Avenue, Seattle, Wash., having been duly sworn on my oath do voluntarily depose and say that:

I am president of Vincent D. Miller, Inc., a realtor at 1119 Fourth Avenue, Seattle, Wash., and I have actively engaged in real estate business in Seattle for 50 years.

At the request of Mr. Carmine Bellino, on behalf of the Senate Select Committee on Improper Activities in the Labor or Management Field, I have examined records of the Washington Title Insurance Co., concerning sales of real estate in the vicinity of block 89, Terry's Addition, in the city of Seattle. Based on various transactions which I considered and on my experience as a real estate appraiser in this area, I estimate that the total fair market value in August 1955 for lots 2, 3, 5, 6, and 7, block 89, Terry's Addition (sold as 1 parcel) was about \$57,000. This estimate is computed on the basis of 240 frontage feet on Boren Avenue at \$200 per frontage foot and 60 frontage feet on Terry Avenue at \$150 per frontage foot.

I solemnly swear that the foregoing statement has been read by me and that it is true and correct to the best of my knowledge and belief, so help me God.

VINCENT D. MILLER, Sr.

Subscribed and sworn to me this date, April 25, 1957.

A. C. WELLS, Notary Public.

The CHAIRMAN. Now, Mr. Hedlund, do you wish to make any comment regarding the appraisal? Do you think that estimate is in line or out of line, or what do you want to say about it?

Mr. HEDLUND. Values of land on the first hill, about 2 blocks away from it, in the purchase of 1 corner, I believe the contractor told me that he paid \$22,500 per lot. That was for 2 lots, that is 60 by 120. Incidentally, these 5 lots, as I recall, they were 60 by 120 each, Mr. Chairman.

The CHAIRMAN. I don't know, 2 blocks away makes a lot of difference in the value of property.

Mr. HEDLUND. It does not on that first hill.

The CHAIRMAN. I would not know, and I wanted to give you a chance to explain it.

Mr. HEDLUND. No; it does not. We are also attempting to buy property for another client up there, sir, and we have not been able to locate property at \$18,000-\$20,000 for the vacant property on a 60- by 120-foot lot.

Across the street from there, from the Swedish Hospital, we are attempting to pick up 3 lots, 60 by 120, plus 8 feet on a vacated alley, that would be 128 feet, and a price of \$125,000 has been quoted.

Kitty-corner from the Swedish Hospital which is about 3 blocks away from the location mentioned, on a double corner, that is 120 by 120, \$50,000 was paid for that particular corner. Those are recent prices that I happen to be familiar with.

The CHAIRMAN. This affidavit may be made exhibit No. 169. It was read for the information of the witness but it may be made an exhibit.

(The document referred to was marked "Exhibit No. 169" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. As I understood your testimony, this property was purchased by Hebb & Narodick for \$85,000.

Mr. HEDLUND. Yes.

Mr. KENNEDY. Other than the transactions that you have mentioned, did you benefit in any other way from your relationship with the teamsters or with Mr. Dave Beck?

For instance, on any of the other moneys that the teamsters or any other mortgages they purchased, did you receive a commission yourself?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. You never did?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Did you receive a commission on any loans that they purchased?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. What about the arrangement with T. J. Bettes? Did you receive any commission on that?

Mr. HEDLUND. That went to the company; yes, sir; and not to the teamsters. You said to myself personally.

Mr. KENNEDY. Well, what company did that go to?

Mr. HEDLUND. That went to the Linton Construction Co., sir.

Mr. KENNEDY. Was that on money that was loaned by the teamsters union?

Mr. HEDLUND. The loans were purchased from T. J. Bettes & Co. in California, who are appointed their correspondents in Los Angeles

and San Francisco, and I acted as the broker in the particular transaction.

Mr. KENNEDY. This money was put up by the teamsters again?

Mr. HEDLUND. The loans were purchased, or the GI loans guaranteed by the Home Loan Guaranty Division of the Veterans' Administration were purchased by the international teamsters union; yes, sir.

Mr. KENNEDY. Did you receive as a commission on that, \$27,152.13?

Mr. HEDLUND. That sounds like a correct amount.

Mr. KENNEDY. Then again, in the Lambrecht Realty Co., of Detroit, did you receive as a commission on that \$4,097.75?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. From A. D. Robbs Agencies, Phoenix, Ariz., \$2,742.33?

Mr. HEDLUND. Yes, I received that; yes, sir.

Mr. KENNEDY. And T. V. C. Investment Co., Seattle, \$2,425?

Mr. HEDLUND. The T. V. C. Investment Co.? I do not recall that investment company.

Mr. KENNEDY. That is what your records seem to indicate.

Making a total of \$36,417.21.

Mr. HEDLUND. I do not recall, Mr. Kennedy, that one. Do you have the documents there?

Mr. KENNEDY. That would be \$2,425 off the \$36,417.21.

You have no recollection of it at all? That is T. V. C., Evans.

Mr. HEDLUND. Oh. That was a loan made to Evans, T. V. C., it was a loan application taken from them on two pieces of property. One was facing on Lake Union, and the other property, new property on the ship canal. That is just inside of the locks there. That was a loan of about, if I recall correctly, and I am trying to recall from memory, of \$125,000.

Mr. KENNEDY. Did the teamsters have anything to do with that?

Mr. HEDLUND. The teamsters purchased the loan, and the fee received is the usual fee that is charged the borrower.

Mr. KENNEDY. Mr. Chairman, the total is \$36,417.21, and these are the documents in connection with those four transactions.

The CHAIRMAN. Do you want to identify these documents?

Mr. KENNEDY. Yes.

The CHAIRMAN. The witness will examine the four documents referred to, and see if he can identify them as photostatic copies.

(Documents handed to witness.)

Mr. HEDLUND. These are correct, Mr. Chairman.

The CHAIRMAN. Thank you, sir. They will be made exhibit 170.

(Documents referred to were marked "Exhibit No. 170" for reference, and will be found in the appendix on pp. 2513-2520.)

Mr. KENNEDY. Mr. Hedlund, we find that this money all went into the Don Hedlund trust account.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. This \$36,417.21. This, as I understand it, all came from transactions dealing with the teamsters union?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. And you took a brokerage percentage on it; is that right?

Mr. HEDLUND. One-half of 1 percent of the face amount of the loan purchased, sir.

Mr. KENNEDY. Did the National Mortgage Co. receive their percentage, also?

Mr. HEDLUND. The National Mortgage for the Linton Construction Co. received all of these funds, sir. I did not have it personally.

Mr. KENNEDY. You say that the total amount that you received or the National Mortgage Co. received was one-half of 1 percent?

Mr. HEDLUND. The total amount that I received in these checks was one-half of 1 percent of the face amount of the loan purchased.

Mr. KENNEDY. Did the National Mortgage Co. receive some moneys in addition?

Mr. HEDLUND. In addition to that?

No, sir.

Mr. KENNEDY. Just a half of 1 percent?

Mr. HEDLUND. They received this money, sir. I did not take this personally.

Mr. KENNEDY. Why did it go to the Don Hedlund trust account?

Mr. HEDLUND. It was held at that time until all the checks came in, in the Don Hedlund trust account, by the National Mortgage, and then you will find, sir, taking a look at the books, that that was credited to income, either of the Linton Construction Co., sir, or of National Mortgage, not to Don Hedlund.

Mr. KENNEDY. These are all four different transactions. Why did it go to the Don Hedlund trust account? Why didn't you just leave it in the companies who made these—

Mr. HEDLUND. All the brokerage fees that came in were put into this escrow account.

Mr. KENNEDY. Why? If the National Mortgage Co. handled it, why didn't it just go into the profits of the National Mortgage Co.?

Mr. HEDLUND. Ask our comptroller why he put it in that way. I agreed that it is perfectly all right if he wanted to put them in a trust account and then transfer the funds at a later time, that was perfectly agreeable with me as long as the funds were accountable for, as long as they were in an escrow account, and as long as they were given or the distribution was made to the proper companies at the proper time.

Mr. KENNEDY. When were these funds transferred?

Mr. HEDLUND. I can't answer that offhand, Mr. Kennedy, but I know they were transferred before the end of the fiscal year of the company.

Mr. KENNEDY. Do you mean 1956?

Mr. HEDLUND. Before the end of the fiscal year.

Mr. KENNEDY. Which would be when?

Mr. HEDLUND. May I see the dates on these memorandums which were the exhibit?

(Documents handed to witness.)

Mr. HEDLUND. Thank you.

They would show up on the 1956 statement. These are all dated—or are they? The memorandums are dated, apparently, after the fiscal year, so, therefore, they did go in the 1956 income statement.

Mr. KENNEDY. Did any of this money go to the National Mortgage Co.?

Mr. HEDLUND. Part of it did; yes, sir.

Mr. KENNEDY. Does it not appear that it all ended up in the Linton Construction Co.?

Mr. HEDLUND. All the commissions did not end up in the Linton Construction Co., Mr. Kennedy.

Mr. KENNEDY. Why would any of it go to the Linton Construction Co., if it was just handled in the regular way?

Mr. HEDLUND. For a period of time there, I was acting as the broker on behalf of the Linton Construction Co., and on the latter loans, on behalf of National Mortgage. But all moneys went into either the Linton Construction Co., did not come to Don Hedlund, although the checks were made out to me.

Mr. KENNEDY. I thought all these transactions were handled through the National Mortgage Co.

Mr. HEDLUND. No, sir. The companies of—

Mr. KENNEDY. Did you know that the teamsters were loaning money to the Linton Construction Co., too?

Mr. HEDLUND. No. There was no loan made through this to the Linton Construction Co. or National Mortgage. I think we should have an understanding of this one, Mr. Kennedy. It is a desirability to purchase loans in other areas besides the Pacific Northwest. Loans were purchased in Los Angeles, Calif., or I should say in the Los Angeles area, and in the San Francisco area, on the screening of the loans, and I acted as broker in that particular transaction or transactions, and T. J. Bettes & Co. recognized that and the checks were made out to me. They were, in turn, endorsed by me to the National Mortgage, who held them in an escrow account.

Mr. KENNEDY. Wait a minute. They were not transferred from you to the National Mortgage. They went into a bank account called the Donald Hedlund Trust Account.

Mr. HEDLUND. They were endorsed by me payable to the National Mortgage Co., and endorsed—I think you will find that the canceled checks, I think you will find, were endorsed that way. And they were held in an escrow account, that is correct, as our records will show, and the distribution was made from the escrow accounts to the proper company. The full accountability is there.

Mr. KENNEDY. How did the Linton Construction Co. get any of this money?

Mr. HEDLUND. I acted as a broker at that time on behalf of the Linton Construction Co. This is the same type of fee that we pay brokers in New York at the present time to place loans for us.

Mr. KENNEDY. You were acting as broker for the National Mortgage Co. on money that came through the National Mortgage Co. from the teamsters, right?

Mr. HEDLUND. The first transaction I was acting for the Linton Construction Co. In the latter transactions we acted for the National Mortgage Co.

Mr. KENNEDY. I do not understand that. How do you know when you are acting for which? I frankly don't understand it.

Mr. HEDLUND. I was spending more time, and at that time, spending time with the Linton Construction Co., and acting, and any income derived on the brokerage was going into the Linton Construction Co., Mr. Kennedy.

Mr. KENNEDY. Was the moneys coming from the teamsters?

Mr. HEDLUND. The money did not come from the teamsters, sir.

Mr. KENNEDY. Any money that went to the Linton Construction Co. went through the National Mortgage Company, is that correct?

Mr. HEDLUND. It was held in escrow account until distribution.

Mr. KENNEDY. Any money to the Linton Construction Co. from the teamsters came through the National Mortgage Co., is that correct?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. Then if you were entitled to a brokerage percentage, then you were entitled for handling this transaction for the National Mortgage Co., is that right, if you were entitled to it at all?

Mr. HEDLUND. These loans were not made, and the money was not paid, to the Linton Construction Co. or to National Mortgage. The money went directly to T. J. Bettes & Co. from the international teamsters.

Mr. KENNEDY. Where did the Linton Construction Co. come in?

Mr. HEDLUND. I, as an officer of the Linton Construction Co. at that time, was acting as a broker for the Linton Construction Co.

Mr. KENNEDY. What did the Linton Construction Co. have to do with it?

Mr. HEDLUND. I had to do with it as an officer of the Linton Construction Co.

Mr. KENNEDY. I thought you said you worked for the National Mortgage Co.?

Mr. HEDLUND. Also with the Linton Construction Co. I told you before that I only spent part time with National Mortgage, sir.

The CHAIRMAN. What did you do, charge a fee both ways, going and coming?

Mr. HEDLUND. No, Mr. Chairman, there is no fee charged both ways.

The CHAIRMAN. You took one fee representing the mortgage company and also the construction company. What did you do then, split it up?

Mr. HEDLUND. Mr. Chairman, I—

The CHAIRMAN. I am trying to find out a little about this. You are a very smart bookkeeper. I would like to get this thing straightened out for the record, if we can.

Mr. HEDLUND. I am not a bookkeeper, Mr. Chairman.

The CHAIRMAN. You are a good broker. Go right ahead and tell us, now, how you got this all tangled up like it is. I cannot even detect where you are unraveling it. Go ahead now and let us start from the beginning and see if we can get the facts.

Mr. HEDLUND. T. J. Bettes & Co., of California, were selected as a correspondent for the International Teamsters Union for any loans purchased in California.

The CHAIRMAN. Just a minute. Bettes & Co. was selected as a correspondent by the teamsters union for what?

Mr. HEDLUND. For any loans purchased in the California area.

The CHAIRMAN. All right. In other words, when the teamsters purchased any loans in the California area, Bettes & Co. was the correspondent?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. What is the duty of a correspondent?

Mr. HEDLUND. The duty of a correspondent is to create, originate the loans, and to service the loans.

The CHAIRMAN. In other words, Bettes & Co. were to find the loans, and then service them after they were purchased?



Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. All right. So we have Bettes & Co. straightened out.

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Where do you enter into the picture?

Mr. HEDLUND. I recommended T. J. Bettes & Co. I inspected the loans.

The CHAIRMAN. You did what?

Mr. HEDLUND. I inspected the houses, the loans themselves, as to the location, the neighborhood amenities. I reviewed the submission papers as to underwriting the risk as far as the borrower is concerned.

The CHAIRMAN. Who did you do that for?

Mr. HEDLUND. I did that on behalf of the International Teamsters Union, sir.

The CHAIRMAN. On behalf of the teamsters union, so you were working for the teamsters union in that capacity?

Mr. HEDLUND. In that capacity, yes, sir.

The CHAIRMAN. What did you next do?

Senator MUNDT. Before you leave that, did you get any pay from the teamsters union for that service?

Mr. HEDLUND. No, sir, I did not.

Senator MUNDT. Why would you be doing that for free?

Mr. HEDLUND. I was not doing it for free.

Senator MUNDT. If you were not getting paid, you were doing it for free.

Mr. HEDLUND. T. J. Bettes is a seller, and it is the usual procedure for the seller of the loans to pay a brokerage fee, Senator.

The CHAIRMAN. All right. The seller was paying you a brokerage fee, though you were working for the teamsters union?

Mr. HEDLUND. That is correct.

The CHAIRMAN. You were not working for Bettes?

Mr. HEDLUND. I was working for them in the respect of placing the loans for them.

The CHAIRMAN. You are working for everybody.

Senator MUNDT. Did you not say Bettes was the seller?

Mr. HEDLUND. Bettes is the seller.

Senator MUNDT. And you said the seller paid you, not the teamsters?

Mr. HEDLUND. That is correct.

Senator MUNDT. So at that point you were working for Bettes.

The CHAIRMAN. The teamsters were the purchaser.

Mr. HEDLUND. Yes.

The CHAIRMAN. How could you be working for the purchaser and the seller, both, ethically?

Mr. HEDLUND. The broker puts the two of them together, Mr. Chairman.

The CHAIRMAN. You brought them together?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. All right. You found the property?

Mr. HEDLUND. I found the correspondent who had the—found the correspondent, that is correct, who had the type of loans that the teamsters, the investors, wanted to buy in the territory that they wanted to buy.

The CHAIRMAN. All right.

Now, then, in that capacity, who were you working for?

Mr. HEDLUND. In that capacity, I would be working for the seller of the loans and the purchaser of the loans both.

The CHAIRMAN. You are working for both?

Mr. HEDLUND. That is correct.

The CHAIRMAN. Now, you got one commission for that?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Who did you get that from?

Mr. HEDLUND. T. J. Bettes & Co.

The CHAIRMAN. All right.

Now, when you got that commission, whose commission was it?

Mr. HEDLUND. The first commissions went to the Linton Construction Co., sir.

The CHAIRMAN. You were not working as an individual?

Mr. HEDLUND. I was not working as an individual.

The CHAIRMAN. Then why did it go to the construction company?

Mr. HEDLUND. I was working for the construction company.

The CHAIRMAN. You were working for the construction company?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. How much did you get out of that transaction that went into the construction company?

Mr. HEDLUND. I do not remember the exact figure, but if I recall it was somewhere around \$30,000.

The CHAIRMAN. You got something like \$30,000 for that?

Mr. HEDLUND. I believe that is correct, approximately.

The CHAIRMAN. All right. Where did you get any other money out of this transaction, and for what service?

Mr. HEDLUND. There is no money received for any service except on the loans purchased, Mr. Chairman.

The CHAIRMAN. Where did the National Mortgage Co. get into it?

Mr. HEDLUND. National Mortgage received the later fees.

The CHAIRMAN. Received a later fee?

Mr. HEDLUND. Received the later fees on loans purchased after that date.

The CHAIRMAN. A different transaction?

Mr. HEDLUND. Yes, sir. A different group of loans.

The CHAIRMAN. An entirely different transaction?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. Another group of loans?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. In the second transaction, did the construction company get anything out of it?

Mr. HEDLUND. No, sir.

The CHAIRMAN. So they are two separate transactions?

Mr. HEDLUND. That is correct, sir.

The CHAIRMAN. All of it between the teamsters, though, and Bettes & Co.?

Mr. HEDLUND. No. A. B. Robbs Co. and Lanphar & Co. of Detroit also were involved in this total amount.

Senator MUNDT. What had happened, Mr. Hedlund, in the nature of the change in connection with your relationship with the construction company and your relationship with the National Mortgage Co. in between these two transactions.

Mr. HEDLUND. I am sorry, Senator, I did not follow.

Senator MUNDT. Had you discontinued your connection with the construction company and taken on a new connection with the mortgage company between these two transactions?

Mr. HEDLUND. At the time I did this, I was on the salary basis, part-time basis, with the construction company.

Senator MUNDT. At the time of the first mortgage to Bettes, you were being paid a salary by the construction company?

Mr. HEDLUND. By the construction company; yes, sir.

Senator MUNDT. Were you being paid a salary by the construction company at the time of the second transaction?

Mr. HEDLUND. No, sir.

Senator MUNDT. Were you at that time being paid a salary by the National Mortgage Co.?

Mr. HEDLUND. By the National Mortgage Co.; yes, sir.

Senator MUNDT. That explains why the commission switched from one company to the other?

Mr. HEDLUND. Yes, sir.

Senator MUNDT. Was there any other reason?

Mr. HEDLUND. No, sir.

Senator MUNDT. None at all?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. May I just ask you a question on this first one? Let's stick to the first one—Bettes. The money went through the National Mortgage Co.; is that right?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Just tell the committee what the National Mortgage Co. got out of it?

Mr. HEDLUND. National Mortgage Co. did not get anything out of it, Mr. Kennedy.

Mr. KENNEDY. National Mortgage Co. performed this service. The loan came through the National Mortgage Co. Why did not the National Mortgage Co. get paid?

Mr. HEDLUND. The loans came through Don Hedlund, Mr. Kennedy.

Mr. KENNEDY. You mean it did not come through the National Mortgage Co.?

Mr. HEDLUND. No, sir. They came through me.

Mr. KENNEDY. Do you mean the National Mortgage Co. had nothing to do with this?

Mr. HEDLUND. That is correct.

Mr. KENNEDY. It was all through you as an individual?

Mr. HEDLUND. As an individual; yes, sir. That is why the checks from T. J. Bettes & Co. were made out to me as an individual.

Mr. KENNEDY. How were the arrangements made for you to start handling, for you personally to start handling, the transactions of the teamsters?

Mr. HEDLUND. Do you mean the outside brokerage?

Mr. KENNEDY. Yes.

Mr. HEDLUND. I have always handled the outside loans.

Mr. KENNEDY. I thought all this money was to go through the National Mortgage Co.?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. You would handle it as an individual?

Mr. HEDLUND. None of the money went through me, or I did not see the checks. They were paid directly to the bank or to T. J. Bettes & Co. after the loans had been delivered.

Mr. KENNEDY. But the National Mortgage Co. had absolutely nothing to do with this transaction?

Mr. HEDLUND. No.

Mr. KENNEDY. They never entered into it at all?

Mr. HEDLUND. They never entered, they never received any money, the checks did not go through them at all.

Mr. KENNEDY. But did the National Mortgage Co. have anything to do with this transaction?

Mr. HEDLUND. No, sir. I screened the loans.

Mr. KENNEDY. And no check was made out payable to them, or anything?

Mr. HEDLUND. No, sir.

Senator ERVIN. Mr. Chairman, I thought awhile ago that the Chairman was going to get the witness to straighten this out so that I could understand it, but the only conclusion I can draw from it is that it reminds me of the old hymn we sing in North Carolina about the Lord moving in mysterious ways His wonders to perform.

The CHAIRMAN. Well, I expect we have the record just about as clear as we will ever get it.

Can we move along?

Mr. KENNEDY. We got the record from the National Mortgage Co. We traced these transactions with the National Mortgage Co.

Mr. HEDLUND. On loans purchased for T. J. Bettes & Co.?

Mr. KENNEDY. Well, I believe so.

Mr. HEDLUND. No check was sent to National Mortgage Co., Mr. Kennedy.

Mr. KENNEDY. Then you just say the National Mortgage Co. did not have anything to do with it?

Mr. HEDLUND. That is right. No check was sent to the National Mortgage Co.

Mr. KENNEDY. It went through you as an individual?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Why did Linton Construction Co. get the money, again?

Mr. HEDLUND. I was on a salary at the Linton Construction Co. at that time.

Mr. KENNEDY. Did you put it through the Linton Construction Co. for tax reasons?

Mr. HEDLUND. No, sir.

Mr. KENNEDY. Thank you.

Senator MUNDT. One thing I cannot quite understand, Mr. Hedlund, if the National Mortgage Co. had nothing whatsoever to do with the transaction, the first one—that is the one you are talking about?

Mr. HEDLUND. That is correct.

Senator MUNDT. I understood you right, did I not, that they had nothing whatsoever to do with the first loan?

Mr. HEDLUND. That is correct, sir.

Senator MUNDT. That the loan had been handled exactly the same as if there had been no such organization as the National Mortgage Co.?

Mr. HEDLUND. That is correct, sir.

Senator MUNDT. Would you then explain to me how it happened that we got all of the facts and figures out of the National Mortgage Co. books, where we got our information?

Mr. HEDLUND. The National Mortgage Co. held the funds in an escrow account. That is the only function they performed.

Senator MUNDT. Which funds?

Mr. HEDLUND. The brokerage fee that was paid. The check was made out in my name, Senator.

Senator ERVIN. For whom was the National Mortgage Co. acting as escrow agent?

Mr. HEDLUND. They were acting as escrow agent for the Linton Construction Co. and myself in this case, sir.

Senator ERVIN. You see, you tell us that you acted as an individual, then that you acted as agent for the teamsters union, then you are acting as agent for the Bettles Co., and then you acted as an officer of the Linton Construction Co. How did you keep the left hand advised as to what your right hand was doing?

Mr. HEDLUND. It sounds like a lot of hands, Senator, doesn't it? That isn't quite the interpretation of what I am trying to say, Senator. Apparently I am not making myself very clear.

Senator ERVIN. You are doing worse than that. You are putting me in a state of total confusion.

Mr. HEDLUND. I find I am gradually getting there myself.

The CHAIRMAN. All right. Proceed, Mr. Counsel.

Mr. KENNEDY. Did Mr. Dave Beck signify that this would be done through you?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. So that is true in all of these four transactions totaling \$36,417.21?

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. Mr. Chairman, we have some other figures on here which might just serve to confuse it. I do not know whether you want to pursue it or not.

The CHAIRMAN. If it is going to confuse it, I do not want to pursue it.

I will have to risk the counsel's judgment.

Senator MUNDT. I think we have been proceeding with monotonous simplicity. I would like to pursue it myself.

The CHAIRMAN. The Chair would be glad to yield to the Senator from South Dakota, if he can understand it.

Mr. KENNEDY. I notice, for instance, when Bettles wrote you, they wrote you as the National Mortgage Co.

Mr. HEDLUND. That is correct, sir.

Mr. KENNEDY. We have a check here for \$36,417.21 made payable to the Linton Construction Co. from the National Mortgage Co. How did the National Mortgage Co. get in on it?

Mr. HEDLUND. Those were the funds that were held in the escrow account, Mr. Kennedy. At that time, whatever the date of that particular check is, National Mortgage drew a check on the escrow account and transferred the funds to the Linton Construction Co.

Mr. KENNEDY. I do not like to say I give up, but I don't understand it.

Mr. HEDLUND. Mr. Kennedy, if you saw the number of escrow accounts that any mortgage company has to have, you would become more confused.

Mr. KENNEDY. Did you also have one business deal or transaction in the Midwest?

Mr. HEDLUND. Yes, St. Louis.

Mr. KENNEDY. What was that for?

Mr. HEDLUND. The building association there, or whatever group that is formed by a group of the locals, was intending to buy the building known as the Magic Chef Building, which had been vacated, and I was requested to come back there.

Mr. KENNEDY. Who made that request of you?

Mr. HEDLUND. Mr. Beck made the request to check as to the value of the building, whether it was a logical purchase for them, whether it could be converted into their use, and to see that the leases, property loan papers and title policies, and all necessary procedures, were properly set up, because the international was making a direct loan to this group in St. Louis.

Mr. KENNEDY. There was nobody in St. Louis that could do that?

Mr. HEDLUND. I do not know as to that, but they asked me to go back to St. Louis.

Mr. KENNEDY. Who is "they"?

Mr. HEDLUND. Mr. Beck did, and then Mr. Gibson.

Mr. KENNEDY. Mr. Beck requested you to go back?

Mr. HEDLUND. Yes. And check, because the international was making the loan to the building group there for the purchase of the building.

Mr. KENNEDY. Did you say Mr. Gibbons asked you to come back?

Mr. HEDLUND. Yes, sir. Also.

Mr. KENNEDY. He called you or wrote you a letter and said to come back?

Mr. HEDLUND. Is it Gibbons or Gibson?

Mr. KENNEDY. Gibbons.

Mr. HEDLUND. I saw him in Washington, D. C., and flew into St. Louis with him.

Mr. KENNEDY. Was that after Mr. Dave Beck asked you?

Mr. HEDLUND. That is after Mr. Dave Beck asked me. I had been there prior to that time, too, Mr. Kennedy.

Mr. KENNEDY. Did you receive a commission on that?

Mr. HEDLUND. Yes, sir, I did.

Mr. KENNEDY. How much money did you receive on that?

Mr. HEDLUND. One-half of 1 percent of \$750,000 would be \$3,750.

Mr. KENNEDY. Mr. Chairman, we have another letter.

Was Mr. Gibbons a little slow paying you?

Mr. HEDLUND. Yes, sir; he was.

Mr. KENNEDY. Do you know why he would not pay you?

Mr. HEDLUND. No; I do not. I think it just slipped his mind, that is all.

Mr. KENNEDY. Did you hear or learn that they felt that you were not entitled to this payment?

Mr. HEDLUND. No, sir; I did not.

Mr. KENNEDY. Did Mr. Beck have to write him a letter and tell him to pay you?

Mr. HEDLUND. I think Mr. Beck did drop him a line, as I recall it. I called it to Mr. Beck's attention that I had not been paid for the services.

The CHAIRMAN. Have you ever heard this letter read before, or seen it, of October 8, 1956, to Mr. Harold Gibbons, 727 Pine Street, St. Louis, Mo.:

DEAR MR. GIBBONS: You will recall that I talked with you relative to the work that Don Hedlund did in an advisory capacity in connection with the St. Louis building project loan. It was agreed that your organization would pay him \$3,750, but to date he has not received this check. May I anticipate that you will give it your early attention? In appreciation, I am,

Fraternally yours,

DAVE BECK.

Mr. HEDLUND. I believe I received a copy of that letter.

The CHAIRMAN. I believe you did. So you are familiar with it?

Mr. HEDLUND. Yes, sir; I am.

The CHAIRMAN. Thank you.

Are there any other questions from any member?

Everyone be at ease for about 3 minutes.

(Members present at the taking of the recess: Senators McClellan, Ervin, Mundt, and Curtis.)

(Brief recess.)

(Members present after the taking of the recess: Senators McClellan, Ervin, Mundt, and Curtis.)

The CHAIRMAN. The committee will come to order.

The Chair has had the staff make a recapitulation of what the testimony shows with respect to these transactions and the profits Mr. Beck got out of them. I will ask counsel to make a brief statement as to what they show according to the testimony, and the witness, if he cares to, may comment upon it before he leaves the stand.

Mr. KENNEDY. Could I ask the witness one question?

You also received some moneys through the Occidental Insurance Co., did you not, the National Mortgage Co.?

Mr. HEDLUND. The Occidental Insurance Co. appointed us as a correspondent; yes, Mr. Kennedy.

Mr. KENNEDY. Was that \$50,000 a month?

Mr. HEDLUND. At the present time, I think the allocation is \$50,000 a month.

Mr. KENNEDY. The Occidental Insurance Co. is the insurance company through which the Western Conference of Teamsters puts their insurance?

Mr. HEDLUND. That is what I understand.

Mr. KENNEDY. Did Mr. Dave Beck intervene for the National Mortgage Co.?

Mr. HEDLUND. He made a call with me; yes, sir.

Mr. KENNEDY. He did?

Mr. HEDLUND. Yes, sir.

Mr. KENNEDY. And he urged on them that they place this with the National Mortgage Co.?

Mr. HEDLUND. If their money outlet was such in that area; yes.

Mr. KENNEDY. The answer is "Yes."

Mr. HEDLUND. If their money was available up there, yes.

Senator MUNDT. You say you get \$50,000 a month commissions from the Occidental?

Mr. HEDLUND. No, sir. No, no.

Senator MUNDT. I thought you said \$50,000 a month. That is a high figure.

Mr. HEDLUND. Mr. Kennedy's question was that we got an allocation of \$50,000 a month for the purchase of mortgage loans, sir.

Senator MUNDT. I thought you said \$50,000 a month.

Mr. HEDLUND. They allocate for the area \$50,000 a month for purchase of mortgage loans.

Mr. KENNEDY. Mr. Chairman, according to the testimony today, through Mr. Dave Beck, bearing on the relationship between Mr. Hedlund and Mr. Beck, through Mr. Dave Beck, No. 1, the National Mortgage Co. received the mortgages, some \$9 million worth of mortgages, from the International Brotherhood of Teamsters. Mr. Don Hedlund, according to the testimony this afternoon, received some \$40,000 worth of commissions, \$36,000 from Bettles, et cetera, and then the \$3,750 from Mr. Gibbons in St. Louis.

An insurance company was set up, Mr. Hedlund investing something like \$100 or \$150, and some \$25,000 of insurance for the automobiles in the Eastern Conference of Teamsters has gone to that insurance company.

No. 4, the Linton Construction Co., it has been established, is in existence, and some \$2 million of mortgages have gone to the Linton Construction Co. In return for that, a company called, No. 1, the Investment Co. was set up, from which Mr. Dave Beck received a kickback of one-third of \$20,000 in commissions. A third of that also went to Mr. Simon Wampold, an attorney for the teamsters, and a third to Mr. Hedlund. There was a sale of property, two pieces of property, that were sold, owned originally by Mr. Dave Beck and Mr. Don Hedlund, and Mr. Hedlund caused the Linton Construction Co. to purchase them, and the total profit for Mr. Dave Beck and Mr. Don Hedlund on that transaction was some \$23,000, which they split two ways.

Then the third matter was the sale of property to the widow, Mrs. Leheney, which was a profit in approximately a 6-month period of time, a profit of approximately \$11,000, which was split two ways, between Mr. Dave Beck and Mr. Donald Hedlund.

The CHAIRMAN. Is there any comment you wish to make, Mr. Hedlund?

Mr. HEDLUND. No comments, Mr. Chairman.

The CHAIRMAN. Thank you very much. You may stand aside. Call the next witness.

Mr. KENNEDY. Mr. Linton, of the Linton Construction Co., Mr. Jess Linton.

(Members present at this point: Senators McClellan, Ervin, Mundt, and Curtis.)

The CHAIRMAN. Come forward, please.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LINTON. I do.



## TESTIMONY OF JESS W. LINTON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. LINTON. My name is Jess W. Linton. I reside in Edmunds, Wash. I am employed by the Linton Construction Co. of Seattle as its president.

The CHAIRMAN. You are employed by whom?

Mr. LINTON. The Linton Construction Co.

The CHAIRMAN. In what capacity?

Mr. LINTON. As its president.

The CHAIRMAN. As its president?

Mr. LINTON. Yes, sir.

The CHAIRMAN. How much interest do you own in the company?

Mr. LINTON. Twenty-five percent, sir.

The CHAIRMAN. Twenty-five percent.

All right. Thank you very much.

Mr. Counsel?

Mr. KENNEDY. Mr. Linton, you were an officer in this construction company for a number of years, is that right?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. And then you made an agreement with Mr. Donald Hedlund and the construction company expanded?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. Is that right?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. And during that same period of time, was the company called the National Mortgage Co. re-formed and reestablished?

Mr. LINTON. The reformation of both companies was concurrent; yes, sir.

Mr. KENNEDY. Had you been an officer in the National Mortgage Co. prior to that time?

Mr. LINTON. Yes; I had.

Mr. KENNEDY. What percentage of the stock did you own prior to the time it was reestablished?

Mr. LINTON. I don't recall exactly. It was probably about 20 percent or 30 percent.

Mr. KENNEDY. What had been your investment, approximately?

Mr. LINTON. In dollars?

Mr. KENNEDY. Yes.

Mr. LINTON. About \$3,000.

Mr. KENNEDY. It was re-formed, and what percent of the stock did you own then?

Mr. LINTON. About 3 percent.

Mr. KENNEDY. Who were the stockholders that took over in this other company when it was re-formed?

Mr. LINTON. The stockholders of the new National Mortgage were Sherman Stephens, Donald Hedlund, Mr. Joseph McEvoy, myself, and, I think, probably, two other minor stockholders from the original company.

Mr. KENNEDY. Did you understand that when that new company was formed, the National Mortgage Co. was formed did you understand, from conversations that you had with Mr. Stephens and Mr.

Hedlund, although perhaps nothing specifically, that Mr. Joseph McEvoy was representing somebody else's interest in the company?

Mr. LINTON. That point was never brought out clearly to me; no.

Mr. KENNEDY. Did you understand he was representing anybody else's interests?

Mr. LINTON. No.

Mr. KENNEDY. You never understood that?

Mr. LINTON. No, sir.

Mr. KENNEDY. You never had any understanding at all that he was representing Mr. Dave Beck's interest?

Mr. LINTON. No, sir.

Mr. KENNEDY. Did you state to me when I visited with you in Seattle that that is what you understood, from the conversations that you had?

Mr. LINTON. No, sir. I think the way I put it was this, if you will allow me.

Mr. KENNEDY. Go ahead.

Mr. LINTON. There was certain conjecture, and it was all conjecture at the time, among the lesser employees, who I probably associate more with than with the stockholders, that there was a connection through relationship, but it was purely personal opinions, and there was nothing definitely told to me.

The CHAIRMAN. What caused you to have that opinion?

Mr. LINTON. Just through the blood relationship or marriage relationship, sir.

The CHAIRMAN. Plus what else?

Mr. LINTON. Nothing.

The CHAIRMAN. The fact that Mr. Beck was helping finance these things through the teamsters union?

Mr. LINTON. We were aware that the teamster account was eminent, which, of course, was going to help; yes, sir.

The CHAIRMAN. And you know that you could not have the benefit of that or it would not be made available to you except upon the judgment and orders of Mr. Beck. You knew that; did you not?

Mr. LINTON. I knew nothing of that, sir.

The CHAIRMAN. You did not know he was president? You found out that he was president and trustee of the union funds; did you not?

Mr. LINTON. Yes, sir; I know that.

The CHAIRMAN. You knew that, then; did you not?

Mr. LINTON. Yes, sir.

The CHAIRMAN. He would make a decision; would he not?

Mr. LINTON. That was not told to me.

The CHAIRMAN. I did not say it was told to you. I am talking about what you knew from the facts, from the circumstances, that this account was eminent; as you said, was available.

Mr. LINTON. I could assume from the facts, but I couldn't know without being told by someone in authority.

The CHAIRMAN. Well, you indulged the assumption, then?

Mr. LINTON. I may have. I don't know.

The CHAIRMAN. You would not know whether you assumed or not? O. K. Proceed.

Senator MUNDT. You own 25 percent of the Linton Co., did you say?

Mr. LINTON. Yes, sir.

Senator MUNDT. And you are the president of it?

Mr. LINTON. Yes, sir.

Senator MUNDT. Who are the other stockholders of the Linton Co.?

Mr. LINTON. Mr. Sherman Stephens, Mr. Don Hedlund, Mr. Joseph McEvoy, and myself.

Senator MUNDT. In other words, about the same people own both companies?

Mr. LINTON. About, yes, sir.

Senator MUNDT. And they have varying percentages of stock?

Mr. LINTON. Yes, sir.

Senator MUNDT. But the same stockholders, we can say, control both the Linton Construction Co. and the National Mortgage Co.?

Mr. LINTON. Yes, sir.

Senator MUNDT. The controlling interest is in the hands of the same individuals?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. In the Linton Construction Co., you were interested in purchasing certain property; is that right?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. Did you at one time put down a thousand-dollar check for a downpayment on a certain piece of property in Parkdale No. 1, on April 21, 1954?

Mr. LINTON. I don't remember if the check was for that exact amount, but I did put earnest money on that property; yes, sir.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of it. Will you examine it, please, sir, and state whether you recognize it?

(Document handed to witness.)

Mr. LINTON. Yes, sir, that is the copy of the—

The CHAIRMAN. That may be made exhibit No. 171.

(The document referred to was marked "Exhibit No. 171" for reference and will be found in the appendix on pp. 2521-2523.)

Mr. LINTON. I can't tell by the legal description here whether that is the tract we are referring to as Parkdale, however. But the price is right.

Mr. KENNEDY. The check shows that it was canceled out after you made the downpayment. What happened on that? It was closed out.

Mr. LINTON. The check?

Mr. KENNEDY. Yes.

Mr. LINTON. Voided or canceled by the bank?

Mr. KENNEDY. It was canceled void, made void.

Mr. LINTON. Made void before it was run through the bank?

Mr. KENNEDY. I believe so.

Mr. LINTON. Probably the real estate company that I dealt with just held the check.

Mr. KENNEDY. Did you buy that property then?

Mr. LINTON. Yes.

Mr. KENNEDY. Did you buy it from this company which you were interested in buying from originally? Was the property purchased directly?

Mr. LINTON. No. Do you mean did Linton Construction pay the full purchase price at that time?

Mr. KENNEDY. Yes.

Mr. LINTON. No, sir, I don't believe so.

Mr. KENNEDY. What happened?

Mr. LINTON. Well, before the earnest money was signed, I had contacted Mr. Hedlund and asked him to look at that piece of property to see if he would buy it and hold it for my future construction. And once he had looked at the property and determined in his mind that it was a proper buy, and we had agreed on a final sales price, I signed the earnest money to tie the property up until the deal could be escrowed and closed with funds from Mr. Hedlund.

Mr. KENNEDY. Mr. Hedlund ultimately purchased this property, he and Mr. Beck ultimately purchased this property, for approximately \$28,000, and then it was sold to you, some 6 months later, for \$45,000.

Mr. LINTON. Yes, sir.

Mr. KENNEDY. Did you feel at that time, or do you feel now, that that was an excessive amount to be paying for the property after it had only been worth, originally, 6 months before, \$28,000?

Mr. LINTON. Well, I decided at the time, Mr. Kennedy, that that was the maximum I could pay for the property, and still serve the best interests, economically, of my company.

Mr. KENNEDY. Who was your boss at that time?

Mr. LINTON. I am the president.

Mr. KENNEDY. Who were you taking instructions from?

Mr. LINTON. I wasn't taking instructions from anyone. All of our decisions were made through consultation with each other. Mr. Hedlund and I worked very closely together on that piece of land.

Mr. KENNEDY. Mr. Hedlund was the chief stockholder, was he?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. So the decision was made by him and then concurred in by you, is that right?

Mr. LINTON. I think it was mutual.

Mr. KENNEDY. Looking back on it now do you think that that might have been an excessive amount of \$28,000 or \$45,000, whatever was paid for that property?

Mr. LINTON. Looking back on it, the land values in that area didn't continue to climb as fast as I thought they would at the time. But whether or not it was excessive, or I could say it was excessive, I can't, no, sir.

Mr. KENNEDY. Have you ever, in any other case, had a markup as large as this?

Mr. LINTON. Yes, sir.

Mr. KENNEDY. In what circumstance was that?

Mr. LINTON. Another piece of property in that area.

Mr. KENNEDY. Purchased from whom?

Mr. LINTON. The same party.

Mr. KENNEDY. Well, other than that, other than these two pieces of property, one that was bought for \$13,000 and sold 2 months later to you for \$20,000 and one purchased for \$28,000 and sold to you for \$45,000, have you had any experience comparable to that?

Mr. LINTON. None that I can recollect, sir, no.

Mr. KENNEDY. And do you think, looking back on it now, that that might have been an excessive amount to charge?

Mr. LINTON. No, sir.

Mr. KENNEDY. Looking back on it now, you do not think so?

Mr. LINTON. The market didn't do what I wanted it to do. I will put it that way.

Senator MUNDT. Mr. Linton, this was not what you would call an arm's length transaction, was it? It is the same people selling property to themselves. It is a kind of bookkeeping transaction, convenient for tax purposes but not for any other particular reason.

Mr. LINTON. What the purposes were, I do not know.

Senator MUNDT. It was not an arm's length transaction. Linton was selling to Linton and Hedlund was selling to Hedlund. You were just going through some motions here for what I would construe to be tax purposes, making an assumption, but I cannot see any particular reason why it makes much difference what price you buy it for and what price you are selling it for when you sell it to yourself, since both stockholders own the two companies. This was a transaction between the two companies, was it not?

Mr. LINTON. Not between the two companies. It was between Linton Construction and the two individuals.

Senator MUNDT. Who were the majority stockholders of the other companies?

Mr. LINTON. Mr. Beck wasn't interested in my company, but he was one of the individuals who joined Mr. Hedlund—

Senator MUNDT. So. Mr. Beck made his profit, then, because he just held the stock in one company, on the piece of property.

Mr. LINTON. In the piece of property, yes, sir.

Senator MUNDT. What would induce you, then, as a bright young businessman from the west, to have a piece of property tied up for \$28,000, and paying earnest money on it. You said Mr. Hedlund did not know anything about it but you asked him to take a look at it. Why did you not buy it at that time? It was good enough so that you would pay \$45,000 for it a few months later, so why would you not buy it then for \$28,000?

Mr. LINTON. In order for a builder to keep operating, he has to have a certain amount of property out in front, ready to be developed and built on, so he can lay his production plans. We did not have the money to put into property and hold it for any length of time. Consequently, as most builders do, we had to agree to pay more for the property at a later date when the houses were sold and the deals completed, the deals were closed.

In other words, we didn't pay for the land until our houses were constructed, sold, and our construction mortgages paid off. This is a common practice among many builders.

The CHAIRMAN. Senator Ervin?

Senator ERVIN. How many months later was it that you purchased it from Mr. Beck and Mr. Hedlund?

Mr. LINTON. How many months after what, sir?

Senator ERVIN. After you had the chance to buy it yourself for your company.

Mr. LINTON. I don't recall, sir. It was whenever we got ready to put the houses on it.

Senator ERVIN. But it was just a few months later, was it not?

Mr. LINTON. Yes. It wasn't too long.

Senator ERVIN. In other words, you had a contract under which the Linton Co. could have purchased this property for \$28,000?

Mr. LINTON. Yes, sir.

Senator ERVIN. And you, instead of exercising the right to purchase it, let one of the principal stockholders of your company and Mr. Beck purchase the property for \$28,000?

Mr. LINTON. Yes, sir.

Senator ERVIN. And then a few months later, you had your company, or your company, rather, repurchased this property from the principal stockholder of your company, Mr. Hedlund, and from Mr. Beck, at a profit to them of \$17,000?

Mr. LINTON. Yes, sir. That was agreed prior to my signing the original earnest money.

Senator ERVIN. Then you say you were disappointed later that the market did not continue to go up in such a degree as that.

Mr. LINTON. I am not disappointed in anything other than my own expectations at the time.

Senator ERVIN. Did you make an effort to obtain an option on this property from the people from whom it was originally purchased?

Mr. LINTON. This particular piece of property was cash. It was necessary to have cash.

Senator ERVIN. Did you not have an option?

Mr. LINTON. We had earnest money.

Senator ERVIN. How long did you have to pay for it under that?

Mr. LINTON. That gives you no time, except for gaining title report and ordinary closing time.

Senator ERVIN. In other words, by a transaction between your principal stockholder and Mr. Beck they made a profit there in a few months of \$17,000 off of your corporation?

Mr. LINTON. No, sir; they didn't make the profit in that short length of time. They paid for the land, and within 6 or 8 months we began to develop it. But it was a period of probably a year and a half or 2 years before they realized final and full payment on their investment.

Senator ERVIN. They made a profit of \$17,000 in about a year and a half at the most?

Mr. LINTON. Yes sir. Something like that.

Senator ERVIN. And where did you get the money to develop the property from?

Mr. LINTON. We got the money by advances on construction loans.

Senator ERVIN. And the money that was used to develop this property out of which Mr. Beck and Mr. Hedlund made this profit came from the teamsters union, did it not?

Mr. LINTON. It came, I presume—I got it from National Mortgage; yes, sir.

Senator ERVIN. It came from the teamsters union through the National Mortgage Co. to the Linton Construction Co.?

Mr. LINTON. That is right, sir. There was a blanket mortgage placed on the entire tract.

Senator ERVIN. Do you not know, as a matter of fact, that the reason that you agreed to buy this at a \$17,000 profit to Mr. Beck and to Mr. Hedlund was because of your understanding that the development would be financed, that the teamsters union, acting through Mr. Beck as trustee, would advance the money for financing of the development?

Mr. LINTON. No, sir. The same thing occurred on another tract of ground where our financing was from a different source. So I couldn't say that would be.

Senator ERVIN. Do you not think it is just a little queer? Do you not think somebody else would be justified in drawing that kind of an inference from this set of facts?

Mr. LINTON. That is possible, sir; yes.

Senator ERVIN. Well, is it a reasonable inference for somebody to draw?

Mr. LINTON. It is reasonable; yes, sir.

Senator ERVIN. That is all.

The CHAIRMAN. Counsel?

Mr. KENNEDY. I believe that is all, Mr. Chairman.

(At this point, Senator Curtis withdrew from the hearing room.)

The CHAIRMAN. You may stand aside.

Call the next witness.

Mr. Herdlund, will you come forward for a moment?

Is Mr. Hedlund in the room?

The counsel and staff advise that they have some work to do. We could get started with another witness this afternoon, but could not conclude. Since we are going to go over until next week, I will not hold any committee hearing tomorrow, it could be very well that we would not get halfway through a witness and would have to stop.

We will take a recess until Monday afternoon at 2 o'clock.

(Whereupon, at 4:05 p. m., the committee recessed, to reconvene at 2 p. m., Monday, May 13, 1957.)

(Members present at the taking of the recess: Senators McClellan, Irvin, and Mundt.)





# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

MONDAY, MAY 13, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 2 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Democrat, North Carolina; Senator Pat McNamara, Democrat, Michigan; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Present at the convening of the session were Senators McClellan, Ives, Kennedy, and Goldwater.)

The CHAIRMAN. Call the first witness.

Mr. KENNEDY. Mr. Roy Fruehauf.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth so help you God?

Mr. FRUEHAUF. I do.

## TESTIMONY OF ROY FRUEHAUF, ACCOMPANIED BY HIS COUNSEL. CLARK M. CLIFFORD

The CHAIRMAN. Will you state your name and your place of residence and your business or occupation, please?

Mr. FRUEHAUF. My name is Roy Fruehauf. My residence is 5330 Middlebelt Road, Birmingham, Mich. I am president of the Fruehauf Trailer Co.

The CHAIRMAN. Thank you. You have counsel present?

Mr. FRUEHAUF. I do, Senator.

The CHAIRMAN. Mr. Counsel, will you identify yourself for the record?

Mr. CLIFFORD. My name is Clark M. Clifford. I am an attorney at law in the District of Columbia. My office is at 1523 L Street, Washington, D. C.

The CHAIRMAN. Thank you very much.

Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Fruehauf, you know Mr. Dave Beck?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. You had some dealings with him back in 1953, I understand?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Did you know him prior to that time?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. How long have you known him?

Mr. FRUEHAUF. I would say in 1950, Mr. Kennedy.

Mr. KENNEDY. About 1950?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Under what conditions did you first meet him?

Mr. FRUEHAUF. I served on a committee of the trucking industry, and that is where I made my acquaintance with Mr. Beck.

Mr. KENNEDY. What was the name of that committee?

Mr. FRUEHAUF. The Independent Advisory Committee to the Trucking Industry.

Mr. KENNEDY. Was that formed shortly after the beginning of the Korean war?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. For what purpose?

Mr. FRUEHAUF. If you will remember at that time, there was quite a scramble for materials. The trucking industry had no strong spokesman to speak out in their behalf. That was the original desire of forming this committee.

Mr. KENNEDY. It was called what again?

Mr. FRUEHAUF. The Independent Advisory Committee to the Trucking Industry.

Mr. KENNEDY. Who else served on it, other than yourself?

Mr. FRUEHAUF. Mr. Arthur Condon, he was secretary-treasurer and legal counsel, and Mr. B. M. Seymour, president of the Associated Transport, and Mr. Leland James, at that time was president of the Consolidated Motor Freight Lines, and later he was superseded by Mr. Walter Kerry, past president of the American Trucking Association.

Mr. KENNEDY. And Mr. Dave Beck served on that committee, also?

Mr. FRUEHAUF. Yes, sir; he was the chairman.

Mr. KENNEDY. How were the appointments made, or how were you appointed or elected to that committee?

Mr. FRUEHAUF. Well, I don't know.

Mr. KENNEDY. How did you happen to serve on that committee?

Mr. FRUEHAUF. I was asked to serve on the committee.

Mr. KENNEDY. By whom?

Mr. FRUEHAUF. I don't recall at the present time, Mr. Kennedy.

Mr. KENNEDY. Did you and Mr. Seymour get together and decide who would serve on the committee, or how was it arranged?

Mr. FRUEHAUF. Well, I believe that is a fair answer.

Mr. KENNEDY. Then, did you in turn request Mr. Beck to come on the committee or serve on the committee?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And how often after your committee came into operation, how often did you meet then?

Mr. FRUEHAUF. I would say that we met at least once a month and sometimes oftener, and sometimes it was difficult to arrange meetings because of Mr. Beck's busy schedule and also, Mr. Seymour and myself were both doing a great deal of traveling.

Mr. KENNEDY. What sort of matters were you discussing?

Mr. FRUEHAUF. Common-interest problems, such as uniform length and weights and all measures affecting the trucking industry.

Mr. KENNEDY. Was it also to try to encourage certain legislation in Congress? Was that one of the purposes of the committee?

Mr. FRUEHAUF. That is correct.

Mr. KENNEDY. And encourage certain activities on the part of the executive branch of the Government?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Certain programs on the part of the executive branch of the Government?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Now, during 1953, as I understand it, Mr. Fruehauf, a proxy fight occurred in your trailer company, is that right?

Mr. FRUEHAUF. Yes, we were in a difficult proxy battle for the control of our company; a company that my father founded.

Mr. KENNEDY. What does your company do, exactly?

Mr. FRUEHAUF. We manufacture truck trailers for the trucking industry.

Mr. KENNEDY. And you have plants all over the United States?

Mr. FRUEHAUF. Yes, we have 16 manufacturing plants, and we have 80 factory sales and service branches.

Mr. KENNEDY. Are you one of the largest in the country?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. How many employees do you have?

Mr. FRUEHAUF. I would estimate somewhere between thirteen and fourteen thousand, Mr. Kennedy.

Mr. KENNEDY. Do you know what union the majority are affiliated with?

Mr. FRUEHAUF. Well, I don't think that there is any majority because I think to my knowledge we have upward of 100 separate labor contracts.

Mr. KENNEDY. With different unions?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Is the teamsters one of those unions?

Mr. FRUEHAUF. A very small part. We have contracts with them covering drivers and I don't know—I suppose it would be 150 or 200 people.

Mr. KENNEDY. Out of all of your employees, only 150 or 200 of them are associated with the teamsters?

Mr. FRUEHAUF. Yes, it could be a few more one way or the other.

Mr. KENNEDY. Now, your trailers are then sold to trucking companies, is that right?

Mr. FRUEHAUF. That's right and also to private industry, such as the grocery chains and the oil companies and so forth.

Mr. KENNEDY. You just make the trailer itself, and you do not make the power unit?

Mr. FRUEHAUF. No, not the power units that pull them.

Mr. KENNEDY. You just make the trailer?

Mr. FRUEHAUF. That's right.

Mr. KENNEDY. Now, going back to the proxy difficulty that you had in 1953, will you describe that a little bit more to the committee?

Mr. FRUEHAUF. Well, when this raider bought a large block of stock in Fruehauf Trailer Co., naturally they received a large amount of publicity.

Mr. KENNEDY. What was the name?

Mr. FRUEHAUF. Mr. George J. Kolowich.

Mr. KENNEDY. Where is he from?

Mr. FRUEHAUF. Detroit. And that received a lot of publicity, and at one of the meetings of the Independent Advisory Committee, Mr. Beck asked me how this came about and how did this gentleman happen to buy this block of stock. I told him that there was a period of about 2 or 3 days before he purchased this stock that if I had had some financial institution who would have stood in between us, that we could have purchased the stock and distributed it to the employees.

At that point, he said, "Well, why didn't you call me?" And I said, "It never occurred to me to call on you."

Mr. KENNEDY. So what occurred after that?

Mr. FRUEHAUF. Months after that we learned that Mr. Kolowich and a group that he had associated with, were attempting to work down the price of Fruehauf stock, selling it short and what have you in order to buy another large block at a very low or attractive price.

At that point, after having canvassed a number of financial institutions, I went back to see Mr. Beck and told him that we would like to purchase \$1½ million of Fruehauf stock to support the market.

Mr. KENNEDY. What did he say to that?

Mr. FRUEHAUF. Well, my best recollection is that that was some time in September, Mr. Kennedy.

Mr. KENNEDY. September of 1953?

Mr. FRUEHAUF. 1953, and he informed me that he would have Mr. Fred Loomis and Mr. Simon Wampold, his attorney, come east and look into the matter. I believe the next meeting that took place was somewhere in the middle of October, in Mr. Beck's office.

At that meeting, there was Mr. Beck and Mr. Loomis and Mr. Wampold, and Mr. Landa—and I will identify him, he is my attorney.

Mr. KENNEDY. What is his first name?

Mr. FRUEHAUF. Alfons Landa.

Mr. KENNEDY. Is he a Washington attorney?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Go on.

Mr. FRUEHAUF. And so the loan was granted to the foundation that day.

Mr. KENNEDY. You will have to explain that a little bit. The foundation was what? Will you explain the connection?

Mr. FRUEHAUF. The Roy Fruehauf Foundation is a charitable foundation.

Mr. KENNEDY. What was the value of the foundation at that time?

Mr. FRUEHAUF. Somewhere between sixty-five and one hundred thousand dollars, Mr. Kennedy.

Mr. KENNEDY. So that the teamsters made the loan to the foundation?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. For the foundation to purchase the stock?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. And then who signed the note to the teamsters, or what arrangements were made for that?

Mr. FRUEHAUF. Mr. Landa and myself both guaranteed the obligation.

Mr. KENNEDY. What were the arrangements on the note, for what period of time?

Mr. FRUEHAUF. The note was for 5 years, at 4 percent interest.

Mr. KENNEDY. And you and Mr. Landa went on as guarantors, did you not?

Mr. FRUEHAUF. That is correct.

Mr. KENNEDY. Now, the purpose of the loan was for the foundation to purchase the stock?

Mr. FRUEHAUF. Correct.

Mr. KENNEDY. And this was during the proxy battle that you had with this other group, is that right?

Mr. FRUEHAUF. That is correct.

Mr. KENNEDY. And this deal was consummated about October of 1953?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And you had a meeting over here at the teamster headquarters?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Now, at that time, or subsequently, did you or Mr. Landa make any offers to Mr. Beck to pay him for what he had done?

Mr. FRUEHAUF. I never made any offers to Mr. Beck.

Mr. KENNEDY. Were there any requests made by Mr. Beck of you after that?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Did Mr. Beck ever make any requests for any favors of you, after this loan was made by the teamsters of \$1.5 million?

Mr. FRUEHAUF. Oh, yes.

Mr. KENNEDY. Specifically, Mr. Fruehauf, did he in 1954 ask for you to loan him \$200,000?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Did you understand that he was being investigated by the income-tax people and he needed \$200,000?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. You did not?

Mr. FRUEHAUF. No.

Mr. KENNEDY. When he said he needed \$200,000, did he explain what he needed it for?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. He did not mention it at all?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Did you ask him why he did not go to his bank and borrow the \$200,000?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Now, Mr. Fruehauf, he just called you or he came to see you or what happened?

Mr. FRUEHAUF. Either Mr. Beck or Mr. Wampold called me and I am not positive which one, and at that point, Mr. Wampold came on to see me and had a meeting with Mr. Landa and myself.

Mr. KENNEDY. You did not say to him, "What do you need \$200,000 for?"

Mr. FRUEHAUF. I believe Mr. Wampold gave the explanation that he had properties and so forth that he wanted to liquidate, but he did not want to do it at the present time.

Mr. KENNEDY. What did he need the \$200,000 for?

Mr. FRUEHAUF. I don't know.

Mr. KENNEDY. You did not raise that question with him?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Did you discuss with him why he just did not go to the Seattle First National Bank and raise the \$200,000?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. You never discussed that at all?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. You were not interested?

Mr. FRUEHAUF. Well, we never discussed it, Mr. Kennedy.

Mr. KENNEDY. You just never discussed it?

Mr. FRUEHAUF. That's right.

Mr. KENNEDY. Did you give him the \$200,000?

Mr. FRUEHAUF. Well, I didn't have the \$200,000 personally, because I was still involved in this proxy fight that you have spoken of earlier.

Mr. KENNEDY. This was, you said, in about the middle of 1954?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. What did you do?

Mr. FRUEHAUF. Well, Mr. Landa made several attempts to place the loan with financial institutions.

Mr. KENNEDY. How did Mr. Landa get in on it?

Mr. FRUEHAUF. Because he was in on the meeting with Mr. Wampold and myself. One day in visiting on the phone with Mr. B. M. Seymour, I happened to mention to him we were attempting to place this loan and he volunteered that he thought that he could place the loan with the Manufacturers Trust Co. in New York.

Mr. KENNEDY. What was that again?

Mr. FRUEHAUF. Mr. B. M. Seymour of Associated Transport.

Mr. KENNEDY. What is the Associated Transport?

Mr. FRUEHAUF. That is a truck line.

Mr. KENNEDY. In New York City?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And did you call him?

Mr. FRUEHAUF. Well, I talked to him frequently because he was on the Independent Advisory Committee and also, he was a large customer of ours.

Mr. KENNEDY. What did you say to him about the \$200,000?

Mr. FRUEHAUF. I just mentioned to him that we were attempting to place the loan with various banks.

(At this point, Senator Mundt entered the hearing room.)

Senator IVES. I would like to raise one question. Had it dawned on you at any time up to now that Dave Beck might not be reliable?

Mr. FRUEHAUF. Well—

Senator IVES. I do not mean up to this time. I mean up to the second loan, or this loan of \$200,000 was involved.

Mr. FRUEHAUF. I would answer this way, Senator, that as near as I knew Mr. Beck was a highly respected gentleman.

Senator IVES. That is what I wanted to find out. In other words, you regarded him when you got the \$1½ million and when you loaned the \$200,000, as an honorable man, did you not?

Mr. FRUEHAUF. I was invited to a large dinner—

Senator IVES. That does not make a man honorable. You had no reason to doubt him in any way, shape, or manner, or doubt his integrity up to then?

Mr. FRUEHAUF. No. Relative to the dinner I was going to explain that at Eric Johnston's dinner in the spring of 1954, there was a large gathering including a lot of public figures who extolled the virtues of Mr. Beck.

I remember distinctly reading about Mr. Eric Johnston's comments, I believe this was the close of the evening, that if he had a ticket to Heaven and Mr. Beck did not have one, he would tear his up and go to hell with him.

Senator IVES. That is pretty good evidence.

Thank you very much.

Senator MUNDT. Mr. Fruehauf, I came a little late, and you have been mentioning a Landa or Landon and I am not sure of the name. Could you identify him so that I could follow the testimony a little better?

Mr. FRUEHAUF. I didn't hear the question.

Senator MUNDT. You have been talking about a Landa or somebody. Is he a partner of yours?

Mr. FRUEHAUF. Mr. Alfons Landa is our Washington attorney.

Senator MUNDT. He is an attorney here in Washington?

Mr. FRUEHAUF. Yes, sir.

Senator MUNDT. Representing your company?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Now, after Mr. Beck came to you, or Mr. Beck talked to you and Mr. Simon Wampold met with you, Mr. Landa attempted to place this loan, this \$200,000 loan, in several banks, including some banks here in Washington, D. C., as I understand.

Mr. FRUEHAUF. That is correct.

Mr. KENNEDY. And then you had a conversation with Mr. Bert Seymour, of the Associated Transport Co. in New York City, and at that time you discussed with him the fact that Dave Beck wanted to borrow \$200,000.

Mr. FRUEHAUF. That is correct.

Mr. KENNEDY. Did he say he would be able to get the \$200,000 for Mr. Beck?

Mr. FRUEHAUF. He stated that it was his opinion that he thought he could place the loan with the Manufacturers Trust Co.

Mr. KENNEDY. What occurred then?

Mr. FRUEHAUF. A day or two later, Mr. Seymour phoned me and said that the loaning officer, the chief loaning officer that he did business with, was away on an extended vacation and he offered to loan the money through the Brown Equipment Co., which is a subsidiary of the Associated Transport Co.

Mr. KENNEDY. He offered to what?

Mr. FRUEHAUF. To loan the money to Mr. Beck through the Brown Equipment Co., which is a subsidiary of the Associated Transport Co.

Mr. KENNEDY. Now, was that done?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And the money went directly from the Brown Equipment Co. to Mr. Beck?

Mr. FRUEHAUF. That is correct.

Mr. KENNEDY. Now, did you play a part in that at all?

Mr. FRUEHAUF. Yes, at that time Mr. Seymour asked Fruehauf Trailer Co. to loan \$175,000 to Brown Equipment Co.

Mr. KENNEDY. What was the reason for that?

Mr. FRUEHAUF. Well, more or less as an accomodation.

Mr. KENNEDY. Why didn't the Fruehauf Trailer Co. loan the money directly to Mr. Dave Beck?

Mr. FRUEHAUF. We never had any business transactions with Mr. Beck.

Mr. KENNEDY. What difference would that make?

Mr. FRUEHAUF. Well——

Mr. KENNEDY. Why was it necessary to have a business transaction with him?

Mr. FRUEHAUF. We haven't made a habit of loaning money to individuals.

Mr. KENNEDY. I can understand that, but what you were doing in fact, was loaning the money to him, was it not? You were loaning the money to Brown Equipment Co?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Which in turn was loaning the money to Dave Beck, so what you were doing was indirectly loaning the money to Dave Beck.

Mr. FRUEHAUF. That is right.

Mr. KENNEDY. Why could you not have done that directly?

Mr. FRUEHAUF. I didn't think it was good business.

Mr. KENNEDY. Could you tell me why that would not be good business, and doing it indirectly would be good business?

Mr. FRUEHAUF. Well, we never have had any financial dealings with Mr. Beck, and on the other hand we had had a lot of financial transactions with the Brown Equipment Co.

Mr. KENNEDY. Did you want to keep this transaction hidden from the board of directors of Fruehauf or the stockholders? Is that the reason you did it in this way?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Could you give me an idea? It would not have been necessary to have had a business dealing with Mr. Dave Beck to loan him the money directly. What I am trying to get is an explanation as to why you would loan him the money indirectly, and would not loan it to him directly. That is Fruehauf.

Mr. FRUEHAUF. As I stated before, we never have had any business transactions with Mr. Beck.

Mr. KENNEDY. Why was it necessary to have had a business transaction with him to loan him \$200,000?

Mr. FRUEHAUF. Well, we don't loan money to individuals.

The CHAIRMAN. Mr. Fruehauf, you had had a pretty good sized business transaction with him, had you not, when you borrowed \$11½ million?



Mr. FRUEHAUF. Mr. Chairman, that was not the Fruehauf Trailer Co. That transaction took place between Fruehauf Foundation and Roy Fruehauf.

The CHAIRMAN. Then, you had had business transactions with him.

Mr. FRUEHAUF. Yes.

The CHAIRMAN. You personally had had, through your foundation.

Mr. FRUEHAUF. With the International Teamsters.

Senator GOLDWATER. Mr. Fruehauf, was there any way that Mr. Beck would have caused your company trouble at that time, through the imposition of a secondary boycott?

Mr. FRUEHAUF. I don't believe so.

Senator GOLDWATER. Was there any way he could have embarrassed the Brown Transportation Co., or the Brown Equipment Co.? Could he have struck the Brown Equipment Co.?

Mr. FRUEHAUF. I don't believe so. I say this to my best recollection, but Mr. Seymour would be the best one to answer this.

I do not believe that Brown Equipment Co. employed any people in the Teamsters Union.

Senator GOLDWATER. But you employed people in the teamsters union?

Mr. FRUEHAUF. Yes.

Senator GOLDWATER. Did you at that time?

Mr. FRUEHAUF. Yes.

Senator GOLDWATER. What do you think would have happened if you had turned Mr. Beck's request for \$200,000 down, if you told him "No"?

Mr. FRUEHAUF. I have no knowledge on that.

Senator GOLDWATER. What I am getting at is, Did you ever during that particular period of the transaction get the feeling that you had a pistol at your head?

Mr. FRUEHAUF. No, sir.

Senator GOLDWATER. You did not feel that you had to do this because Mr. Beck could cause you economic difficulties if you did not?

Mr. FRUEHAUF. No, sir, I looked at it more in the light of an appreciation, Mr. Senator.

Senator GOLDWATER. Would you have loaned that amount of money, say, to anybody else that you knew as well as Mr. Beck?

Mr. FRUEHAUF. Well, Mr. Beck was responsible for saving the corporate life of the Fruehauf Trailer Co., and so I had reasons.

Senator GOLDWATER. I can appreciate that. Mr. Chairman, all I am trying to bring out is that the other day when the vice president of Anheuser-Busch was here, and now with Mr. Fruehauf in his capacity with another big company, I have had the feeling that these gentlemen are a little reluctant to come right out and say that it was a case of either do it or suffer the consequences. I know that Mr. Beck is in a position to do the Fruehauf Trailer Co. a lot of damage if he wanted to.

From what we have found out about him during these hearings, it is within the realm of possibility that he might do that.

Now, I would just like the witness to feel and I wished that Mr. Wilson had felt free, to unlimber and tell us what he honestly feels about the transactions.

Mr. FRUEHAUF. There was no pressure put on us whatsoever, Mr. Senator.

Senator GOLDWATER. And you don't feel that there would have been any pressure?

Mr. FRUEHAUF. Well, it is difficult to say today what I would have felt back there, because we were in entirely different conditions. I repeat, at that time Mr. Beck was a highly respected gentleman.

Senator GOLDWATER. I can appreciate your feeling of friendship for him because of the fact he helped your company, but I just had the feeling that possibly that pistol-at-the-head experience might have existed, and if it had I wanted you to feel free to tell the committee that it did exist.

Mr. FRUEHAUF. If it had I would be very happy to tell you about it.

Senator GOLDWATER. Thank you very much.

Senator MUNDT. Mr. Fruehauf, did you or your company become cosigners of the note that Mr. Beck made out to the Brown Equipment Co.?

Mr. FRUEHAUF. After the loan was transferred to the Manufacturers Bank, Mr. Landa and I became cosigners.

Senator MUNDT. You and Mr. Landa?

Mr. FRUEHAUF. Yes.

Senator MUNDT. You became cosigners?

Mr. FRUEHAUF. Yes, sir.

Senator MUNDT. Now, the Brown Equipment Co. made the loan in the first instance?

Mr. FRUEHAUF. Yes, sir.

Senator MUNDT. And then they sold the note to the Manufacturers Trust Co., did you say?

Mr. FRUEHAUF. I believe the procedure that took place was that Mr. B. M. Seymour was the maker of the note at the Manufacturers Trust Co., and we gave a note to him and he in turn paid off the Brown Equipment and they in turn paid off the Fruehauf Trailer Co.

Senator MUNDT. You and Mr. Landa became cosigners at the time the note was transferred by the Brown Equipment Co. to the bank?

Mr. FRUEHAUF. That is correct.

Senator MUNDT. Would it not have been just as much in good keeping and just as proper had you made the loan directly to Mr. Beck, as to become a cosigner of the note? It seems to me that it is 6 of 1 and half a dozen of the other.

Mr. FRUEHAUF. Well, do I get your question correctly, Senator? In other words you mean that the Fruehauf Trailer Co. would make the loan with Mr. Landa and I as cosigners?

Senator MUNDT. No; it seems to me that you might just as well have loaned the money to Mr. Beck directly as to go through the Brown Equipment Co., and then become the cosigner with Mr. Beck of the note.

Mr. FRUEHAUF. I would have gladly loaned the money to him personally if I had not been still involved in this proxy fight.

Senator MUNDT. I thought that you had answered a question earlier than you did not think it would be good business or something of that effect, to make a loan directly with Mr. Beck.

Mr. FRUEHAUF. I say that is a reasonable assumption.

Senator MUNDT. Accepting it as a reasonable assumption, it seems to me whatever logic made you come to that conclusion, would have also applied to the signing of the note as a cosponsor and cosigner,

if there were valid reasons why you did not want to loan the money directly, other than the fact that you might not have had the money at that time, or you were involved in this proxy fight.

Mr. FRUEHAUF. Mr. Senator, I think that you are confusing the corporation and an individual. What a corporation does, and what an individual does, is two different things.

Senator MUNDT. In other words, you would cosign the note as an individual, and not involving the credit of the company?

Mr. FRUEHAUF. That is correct.

Senator MUNDT. I must have misunderstood you. I thought that you said that the Fruehauf Trailer Co. became a cosigner.

Mr. FRUEHAUF. No, sir.

Senator KENNEDY. As to that \$175,000, was that a personal or corporation loan to the Brown Co.?

Mr. FRUEHAUF. That was from the Fruehauf Trailer Co. to the Brown Equipment Co.

Senator KENNEDY. That was a corporation loan?

Mr. FRUEHAUF. Yes, Senator Kennedy.

Senator KENNEDY. And that money, or at least that plus \$25,000 then went to Mr. Beck himself, did it not?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. That went to Mr. Beck personally, as you say, in appreciation for the fact that the teamsters, and that is the word you used, helped out the Fruehauf Co. during their proxy fight?

Mr. FRUEHAUF. Well, I would say that was the reason we considered helping him.

Senator KENNEDY. You were not under the impression that this money was being loaned to the teamsters, and you were under the impression it was being loaned to Mr. Beck?

Mr. FRUEHAUF. That is correct.

Senator KENNEDY. Now, Mr. Beck had not loaned you personally \$1,500,000, but the teamsters had?

Mr. FRUEHAUF. That is right.

Senator KENNEDY. Why do you think it is proper then, or why should you show your appreciation to Mr. Beck for loaning you teamsters money and not his own money, by you encouraging the Brown Co., and being a supporter of a loan to Mr. Beck personally? You are thanking him for doing something with the teamsters' money and giving it to him personally.

Mr. FRUEHAUF. Well, I would say at this time one would consider that Mr. Beck was the teamsters union.

Senator KENNEDY. You considered Mr. Beck was the teamsters union?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. In other words, whether it was Mr. Beck personally or the teamsters' money, there wasn't a very clear distinction made in your mind?

Mr. FRUEHAUF. Oh, yes, there was a very clear distinction there between the association and Mr. Beck personally. But I believe the loan was made because of Mr. Beck's efforts on our behalf.

Senator KENNEDY. Do you think it was proper for Mr. Beck or the teamsters to loan you that money?

Mr. FRUEHAUF. Well, I think it was a good loan, and they had adequate collateral.

Senator KENNEDY. Do you think it was proper for you to loan the money to Mr. Beck or for the Brown Co., with your encouragement?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. It was not a business loan but it was a gesture of appreciation, because he used the money for which he was a trustee in a sense, the teamsters' money. Then in repayment to him, he benefited by the use of the money to the extent of securing a loan which obviously he could not secure from a bank, to the tune of \$200,000.

Now, that would not be permitted in most business relationships, would it?

Mr. FRUEHAUF. The loan, I repeat, Mr. Kennedy, was destined for the Manufacturers Trust Co., and the loan to the Brown Equipment was just a matter of accommodation.

Senator KENNEDY. The only point I wanted to make, and I do not want to labor it, was this: You loaned him \$200,000 personally in appreciation for the fact that he extended to your company \$1,500,000, not of his own money, but of the teamsters' money.

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. So you were thanking him for the manner in which he handled money over which he was a trustee and it does not seem to me to be completely proper. It seems to me the thanks were due to the teamsters and not to Mr. Beck.

Mr. FRUEHAUF. I doubt whether we could have secured the loan without Mr. Beck's approval.

Senator IVES. I would like to ask Mr. Fruehauf a couple of questions, and one question may do the job.

How do these loans stand today?

Mr. FRUEHAUF. They are all paid off, Senator.

Senator IVES. Which way?

Mr. FRUEHAUF. Everything.

Senator IVES. \$1.5 million, with interest, and the \$200,000, with interest?

Mr. FRUEHAUF. Yes, sir.

Senator IVES. Thank you.

Senator CURTIS. When was the \$200,000 loan paid off?

Mr. FRUEHAUF. To my best recollection, it was paid off in the spring of 1955.

Senator CURTIS. When was it made?

Mr. FRUEHAUF. In the summer of 1954.

Senator CURTIS. What rate of interest did it draw?

Mr. FRUEHAUF. At the rate of, I believe, the rate of interest was 4 percent.

Senator CURTIS. Were there any other instances where the teamsters loaned money to you or to your enterprises, besides this \$1.5 million loan?

Mr. FRUEHAUF. No, sir.

Senator CURTIS. You have acquired additional companies in the last few years, have you not?

Mr. FRUEHAUF. Yes, sir.

Senator CURTIS. Has Mr. Beck or the teamsters in any way been involved in any of those purchases?

Mr. FRUEHAUF. No, sir.

Senator CURTIS. And they have furnished no funds for it?

Mr. FRUEHAUF. No, sir.

Senator CURTIS. Are Mr. Beck or the teamsters stockholders in your company?

Mr. FRUEHAUF. Not to my knowledge.

Senator CURTIS. That is all.

Senator MUNDT. I think that you answered Senator Kennedy's question by saying that the reason you felt a sense of appreciation to Mr. Beck for loaning you \$1,500,000 of the teamster funds, and that you felt appreciative enough to be interested in loaning him personally \$200,000, was because you felt that Mr. Beck was really the teamsters union, and that it was consequently Mr. Beck's decision that you got the \$1,500,00. Is that what you said?

Mr. FRUEHAUF. Yes, sir.

Senator MUNDT. Well, I would say as a member of this committee who had been following Mr. Beck's financial activities for some time, that I think you were indulging a perfectly valid assumption.

Mr. KENNEDY. Now, you loaned this \$200,000, or you loaned \$175,000, is that right?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. To the Brown Equipment Co.?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Was there any interest on that loan to the Brown Equipment Co.?

Mr. FRUEHAUF. The note that the Brown Equipment Co. gave called for interest, but to my knowledge they never paid any interest.

Mr. KENNEDY. You said something about that this was for a bank loan, something to do with the bank?

Mr. FRUEHAUF. I don't quite follow you.

Mr. KENNEDY. Was there a bank involved in this at all, this loan?

Mr. FRUEHAUF. Well, the loan originally was headed for the Manufacturers Trust Co. And the Brown Equipment Co. and the Fruehauf Trailer Co., that was just an interim operation.

Mr. KENNEDY. That transaction was in June of 1954?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And when finally did the loan come from the bank?

Mr. FRUEHAUF. Some time in December.

Mr. KENNEDY. Of 1954?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. What was the delay in getting the loan from the bank?

Mr. FRUEHAUF. I would say that probably because no one expedited it.

Mr. KENNEDY. Tell me this: When was the note of Dave Beck due to the Brown Equipment Co.?

Mr. FRUEHAUF. You have to ask Mr. Seymour that. I don't have any recollection on that.

Mr. KENNEDY. Tell me this: When was the note from the Brown Equipment Co. to Fruehauf Trailer Co. due?

Mr. FRUEHAUF. It was due within 6 months.

Mr. KENNEDY. Were they able to pay that back to you?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. They were able to?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. To enable them to pay it back, wasn't that the reason that the loan was secured from the bank, in December of 1954?

Mr. FRUEHAUF. Well, that is where the loan was supposed to go in the first place.

Mr. KENNEDY. Wasn't the problem that Dave Beck was supposed to pay this money back by December of 1954, and he could not pay the money back, and so therefore all of these other transactions had to take place, which ended up in borrowing \$200,000 from the Manufacturers Trust Co.? Isn't that right?

Mr. FRUEHAUF. Well, that I do not recall, Mr. Kennedy.

Mr. KENNEDY. Did you not go on a note in December of 1954?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. That is number one; and you went on a note to the Manufacturers Trust Co. in December of 1954 for \$200,000?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. At that same time, the Brown Equipment Co. had not been able to pay you back \$175,000 due you, is that right?

Mr. FRUEHAUF. That is right.

Mr. KENNEDY. So there was a casual connection between the two, was there not, that you were aware of?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Didn't it all date back to the fact that Dave Beck did not have the money to pay his note?

Mr. FRUEHAUF. I believe that would be a reasonable assumption.

Mr. KENNEDY. Did you not know that that was the situation at that time?

Mr. FRUEHAUF. No.

Mr. KENNEDY. Were you not the one that was carrying out the negotiations and the discussions with Dave Beck?

Mr. FRUEHAUF. Well, after negotiations were made with Brown Equipment, I was more or less in the background, Mr. Kennedy.

Mr. KENNEDY. Did you not have discussions with Dave Beck in which he stated that he would not be able to pay this money back at that time?

Mr. FRUEHAUF. I had no discussions with Mr. Beck at all.

Mr. KENNEDY. You did not?

Mr. FRUEHAUF. No.

Mr. KENNEDY. You had none?

Mr. FRUEHAUF. No.

Mr. KENNEDY. How did you learn that he would not be able to pay the money back?

Mr. FRUEHAUF. Well, if anybody told me, it would have to be Mr. Seymour.

Mr. KENNEDY. I would think, Mr. Fruehauf, that when the note was due from the Brown Equipment Co. to the Fruehauf Trailer Co., that you would have said, "I want to collect my money"; would you not?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. So you went there and they said they did not have the money and that must have been the second thing that happened.

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Then did they not tell you about Dave Beck, who would not be able to pay this off?

Mr. FRUEHAUF. Well, to my best recollection, Mr. Kennedy, the negotiations on the loan to the bank started early in December.

Mr. KENNEDY. In December?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. That is correct.

Mr. FRUEHAUF. Long before the note was due from Brown Equipment Co. to Fruehauf Trailer Co.

Mr. KENNEDY. It was due in 6 months, was it not?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Well, it was due in December.

Mr. FRUEHAUF. Well, I think the original note was sometime in mid-June or maybe the latter part of June.

Mr. KENNEDY. Finally you received the loan from the Manufacturers Trust Co., or received the money from the Manufacturers Trust Co. on December 27, 1954?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. So it was at the end of the year, and it was at the same time Dave Beck had not been able to pay you his money. Did you not have conversations with Mr. Beck in which he said, "I cannot raise the \$200,000 at this time"?

Mr. FRUEHAUF. No, sir; I had no conversations with Mr. Beck.

Mr. KENNEDY. Did he not say he could sell his house to the union and he would be able to get it then and pay you back?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Did you ever understand at that time that he was being investigated by the tax people, and that the \$200,000 was put back in the union, and he said then, "I borrowed some money and I am putting \$200,000 back as a downpayment on the money that I have been taking"?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. He never discussed that with you at all?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. And when he could not raise the \$200,000 by the end of the year, he did not tell you he was going to have to sell his house to the union and then he would pay you back after that happened?

Mr. FRUEHAUF. I had no discussions with him at all.

Mr. KENNEDY. Did Mr. Simon Wampold have any conversations with you in that connection?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Mr. Chairman, could we ask Mr. Fruehauf to step aside and put Mr. Seymour on to bring out the rest of this loan?

The CHAIRMAN. Are there any other questions?

You may step aside for a few moments, and you may be recalled.

Mr. KENNEDY. Mr. Burt Seymour.

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth so help you God?

Mr. SEYMOUR. I do.

**TESTIMONY OF B. M. SEYMOUR, ACCOMPANIED BY HIS COUNSEL,  
MORTIMER ALLEN SULLIVAN**

The CHAIRMAN. Will you state your name and your place of residence and your business or occupation?

Mr. SEYMOUR. B. M. Seymour, president of the Associated Transport, New York City.

The CHAIRMAN. Where is your place of residence?

Mr. SEYMOUR. I live in Lynchfield County, Conn.

The CHAIRMAN. You have counsel with you?

Mr. SEYMOUR. Yes, the general counsel of the Associated Transport.

The CHAIRMAN. Counsel, will you identify yourself?

Mr. SULLIVAN. My name is Mortimer Allen Sullivan, and I am general counsel for Associated Transport and my offices are at 530 Wallbridge Building, Buffalo, N. Y.

I am a member of the bar of the State of New York.

The CHAIRMAN. Thank you very much.

All right, proceed.

Mr. KENNEDY. Now, your company is Associated Transport Co., Mr. Seymour?

Mr. SEYMOUR. Yes, sir.

Mr. KENNEDY. And what is their business?

Mr. SEYMOUR. The business of hauling freight by truck.

Mr. KENNEDY. Do you have some subsidiaries, also?

Mr. SEYMOUR. Several.

Mr. KENNEDY. What are their names?

Mr. SEYMOUR. Well, there are 5 or 6 of them. One is the Brown Equipment Manufacturing Co. The others are Conger Realty Co., New England Realty Co. and there is the Gem Packing Co. and the Warehouse Cos. and things of that kind.

Mr. KENNEDY. Including all of your companies, how many employees do you have, approximately?

Mr. SEYMOUR. I would say about 5,000.

Mr. KENNEDY. And are any of them members of the Teamsters Union?

Mr. SEYMOUR. I would estimate perhaps half of them.

Mr. KENNEDY. About 2,500 of them are members of the Teamsters Union?

Mr. SEYMOUR. Yes, sir.

The CHAIRMAN. One of your companies is a trucking company. Is it Associated Transport Co. that is the trucking company?

Mr. SEYMOUR. Yes, sir.

The CHAIRMAN. And the Brown Equipment Co. does what?

Mr. SEYMOUR. Well, until 1953, if my recollection is correct, Brown was engaged in the business of building trailers and tractors and about that time Brown's activities were disposed of and the trailer business went to the Fruehauf Trailer Co.

Since that time they have primarily been engaged in the business of running a large shop in connection with maintenance of equipment.

The CHAIRMAN. So the trailer interests of Brown Equipment Co. were sold to the Fruehauf Trailer Co. in 1953?

Mr. SEYMOUR. That is correct.

The CHAIRMAN. Now, in 1954, were you approached by Mr. Roy Fruehauf about making a loan to Mr. Dave Beck?



Mr. SEYMOUR. I was.

The CHAIRMAN. Could you tell the committee what occurred?

Mr. SEYMOUR. Well, my very best recollection is that Mr. Fruehauf either phoned me or perhaps I met him in New York. In any event I recall very distinctly that he mentioned the matter of the loan and said that either he could not or he did not want to or in any event, he wanted to know whether I thought that the note could be placed in a New York bank, and I told him that I thought that it could.

When I had a chance to get to it, because I was going away, and perhaps more importantly, I was sure that others who were in the banking business would be available.

(At this point, Senator McNamara entered the hearing room.)

Mr. KENNEDY. What agreement did you make at that time?

Mr. SEYMOUR. Well, the agreement was I did not feel that the Brown Equipment Co. could do it and it was the only company that was in a position to enter into a loan because of other arrangements, financing arrangements we had.

It had to be limited to Brown, and my recollection is that I told Mr. Fruehauf that he would have to go ahead and lend a hand in connection with providing the money. That resulted in his furnishing us with the amount that he has testified to, of \$175,000.

Mr. KENNEDY. Did he say that he would do that, give you the \$175,000?

Mr. SEYMOUR. Well, that is what has happened. And I could not tell you for certain, but I had a recollection that I was going to be given the \$200,000, and it seems that I remember that I asked him why, and I think that he said, because Mr. Fruehauf and I have been closely associated for a long time, I think he said he wanted to keep my interest in it, as I recall.

Mr. KENNEDY. So he only gave you \$175,000 instead of the \$200,000?

Mr. SEYMOUR. Yes, sir.

Mr. KENNEDY. So you would continue your interest in the loan?

Mr. SEYMOUR. Yes, indeed.

Mr. KENNEDY. Did you have a conversation with him at that time?

If he could give you \$175,000, why could he not give the \$175,000 directly to Dave Beck?

Mr. SEYMOUR. No, I didn't.

Mr. KENNEDY. Did that not occur to you that that was a little strange?

Mr. SEYMOUR. I think the reason that probably that conversation did not come up, probably the conversation was by phone, and undoubtedly, I probably had my own opinion as to why he had called me.

Mr. KENNEDY. What was that opinion?

Mr. SEYMOUR. I just assumed that I, being in a larger town than he, I just assumed he had reasons that he wanted it handled this way.

Mr. KENNEDY. What did you assume were the reasons?

Mr. SEYMOUR. Just that perhaps it might be less difficult for Mr. Fruehauf to get the loan than for me to get it.

Mr. KENNEDY. What would being in a larger town have to do with that?

Mr. SEYMOUR. Well, I think that New York City has several million population larger than Detroit, and I know that Mr. Fruehauf is well acquainted with the bank in Detroit.

Mr. KENNEDY. That, of course, was not the problem. He had the money, and he had the \$175,000.

Mr. SEYMOUR. I didn't ask him at that time and I really don't know what his reasons were, other than my opinion of what the reasons were and they were sort of a nebulous nature and I just figured for a variety of reasons he wanted me to do it and I had no objection to doing it if I could.

You must remember, Mr. Kennedy, we have been associated in this industry committee for some couple of years, by this time, or 2 or 3 years.

Mr. KENNEDY. In your experience, is this an ordinary business transaction where somebody asks you to loan the money to somebody else, and they will put the money up?

Mr. SEYMOUR. Very unusual.

Mr. KENNEDY. I would think that because it is unusual that perhaps it would have created a question in your mind, and you might have said to Mr. Fruehauf, "Why are we handling it this way, or why do you want me to loan \$200,000 to Dave Beck?"

Mr. SEYMOUR. There is an old saying, Mr. Kennedy, that hindsight is much better than foresight, and if I knew 3 or 4 years ago what I know now, and if it would keep me from being here, I certainly would have asked him.

Mr. KENNEDY. Well, now, to get back to you and your company, why did you channel the \$200,000 to Dave Beck through the Brown Equipment Co.?

Mr. SEYMOUR. First, it was the only company that could make the loan.

Mr. KENNEDY. Why couldn't the Associated Transport Co.?

Mr. SEYMOUR. Because, if the word is correct, we have indenture arrangements which makes it impossible. The Brown Equipment Co. was the only unrestricted corporation in Associated.

Mr. KENNEDY. But, Mr. Seymour, the Associated Transport Co. at the same time gave \$200,000 to Brown Equipment Co., to loan the money to Dave Beck.

Mr. SEYMOUR. I could only answer your question because I only discovered it about an hour ago. The reason based upon the inquiry made to New York was because notwithstanding that Brown had several hundred thousand dollars, their variety of bank accounts were such that it was easier to supply accounts that did not have the necessary amount, and that is why the checks were made up as they were, 3 or 4 different amounts.

Mr. KENNEDY. That does not answer the question as to why didn't the Associated Transport Co. loan the money to Dave Beck?

Mr. SEYMOUR. Because the Associated Transport Co. couldn't. They were prohibited under our financial arrangements.

Mr. KENNEDY. What they did instead then, was to do again, you people did indirectly what you could not do directly, and you gave the money to Brown Equipment Co. who in turn gave the \$200,000 to Dave Beck.

Mr. SEYMOUR. Mr. Kennedy, I cannot answer your question, because as I say, I only discovered it about an hour ago.

Mr. KENNEDY. Those are the facts, are they not?

Mr. SEYMOUR. I think that they are.

Mr. KENNEDY. You have no explanation for them?

Mr. SEYMOUR. No, and the information we get was because it was the only way it could be done at the time.

Mr. KENNEDY. Again this has all occurred on a telephone conversation between you and Roy Fruehauf? \$175,000 came from Roy Fruehauf and went through the Brown Equipment Co., is that correct?

Mr. SEYMOUR. That is right.

Mr. KENNEDY. And then went from the Brown Equipment Co. to the Associated Transport Co.?

Mr. SEYMOUR. I do not know that that is so, and I think it is so, based upon what I saw earlier today.

Mr. KENNEDY. Then, the Associated Transport Co., 3 or 4 days earlier, gave \$200,000 from the Associated Transport Co. to the Brown Equipment Co. who then gave it to Dave Beck?

Mr. SEYMOUR. Mr. Kennedy, I can't answer your question. I didn't handle it and it was handled by our treasurer and I don't know why it was handled the way it was and I didn't know it until today.

Mr. KENNEDY. I would think the people that would know the most about how this transaction was handled would be Mr. Fruehauf and Burt Seymour.

Mr. SEYMOUR. I know the loan was made.

Mr. KENNEDY. But why the transaction was handled in the way it was. Could you summarize how that transaction was handled?

(At this point, Senator Ervin came into the hearing room.)

Mr. SEYMOUR. It was handled on this basis as a result of my conversation with Mr. Fruehauf.

Mr. KENNEDY. Would you tell the committee exactly what happened?

Mr. SEYMOUR. That he would reimburse us for the moneys so that we would not be out the money until such time as the bank loan could be made. My recollection is that the note arrived to my attention from Mr. Beck about simultaneously with the time the check arrived from Fruehauf.

That is within at least a couple of days, as nearly as I can match it together.

Mr. KENNEDY. Would you explain why Brown Equipment Co. got into this at all, and why the \$175,000 came from Fruehauf to the Brown Equipment Co. and then to you, and from your people to Associated, and then Associated Transport gave \$200,000 back to Brown Equipment Co., and who in turn gave it to Mr. Dave Beck?

Why was it disguised in this way?

Mr. SEYMOUR. I can't tell you.

Mr. KENNEDY. You cannot tell us?

(The witness consulted with his counsel.)

Mr. SEYMOUR. Mr. Sullivan who has checked the transaction, thinks he has a legal reason for it.

The CHAIRMAN. What do you know?

Mr. SEYMOUR. That's all I know, Senator.

Mr. KENNEDY. Mr. Chairman, I had a chart here which sort of traces what went on, if you would like to have that.

The CHAIRMAN. Does counsel desire to testify on this point?

Mr. SULLIVAN. If you care to. It is very simple. Because of an indenture, Associated Transport could not make the loan, but it had large intercompany transactions and frequently—

The CHAIRMAN. Will you be sworn?

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. SULLIVAN. I do, sir.

### TESTIMONY OF MORTIMER ALLEN SULLIVAN

The CHAIRMAN. I believe you have already identified yourself for the record?

Mr. SULLIVAN. Yes, sir.

The CHAIRMAN. Your client said that you had some legal reasons why the loan was handled as it was, and you may state that.

Mr. SULLIVAN. Mr. Chairman, the Associated Transport as a part of its financing has a very complicated indenture involving a very substantial loan.

Because of this indenture Associated would not have been in a position to make the loans without making a very complicated transaction in the form of reporting the loan.

Brown Equipment & Manufacturing Co. is a wholly owned subsidiary and is what in financial parlance in terms of indenture is known as an unrestricted subsidiary and it is not bound by the terms of the indenture. There are large intercompany accounts back and forth between Brown and Associated Transport. At one time or another, there is several hundred thousand dollars back and forth because they do business with each other.

So that what happened here was that Associated simply paid to Brown on account the sum of \$200,000 for the purpose of turning this cash over in a more or less unified form to Brown; rather than Brown taking a long period of time to collect that much cash from its numerous bank accounts. So it was simply a question of expediting the transaction, and that is the explanation I got today from our officers in New York, when I called not more than an hour and a half ago to find out about this, because it was simply something that was done by the treasurer of the company in what he thought was the most convenient way of giving Brown some immediate cash that it could write immediate checks for.

The CHAIRMAN. As I understand it, and let me see if I am correct, Brown Equipment Co. was to make the loan, and Brown Equipment Co. did not have that much money in one bank?

Mr. SULLIVAN. Yes, sir.

The CHAIRMAN. Is that correct now?

Mr. SULLIVAN. Yes, sir.

The CHAIRMAN. Therefore the parent company, Associated Transport Co., supplied Brown Equipment Co. with the \$200,000?

Mr. SULLIVAN. Yes, sir.

The CHAIRMAN. That was charged as a loan, I suppose, to the equipment company, of a payment on account?

Mr. SULLIVAN. It was a payment on account to the equipment company. That is what they tell me.

The CHAIRMAN. Payment on account to the equipment company, so it would have enough cash on hand to expedite the loan without giving checks on several banks.

Mr. SULLIVAN. I think they gave it on four banks when they gave it, but they gave Brown the money to reimburse those accounts and bring them up to an amount where they could do it, and it might have been only two banks, but it was more than one bank anyway.

The CHAIRMAN. Do you think that expedited the handling of it?

Mr. SULLIVAN. They tell me it did, and they gave me that as their reason, and I asked the Treasury Department.

The CHAIRMAN. There was a bit of urgency about the whole matter, was there?

Mr. SULLIVAN. I don't know about that, sir, and I didn't know about the transaction at the time.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Seymour, was there an urgency on this matter that it had to be done immediately?

Mr. SEYMOUR. The note from Mr. Beck was received by me and I can't tell you accurately, but I would assume that I kept it not for three or four days, and about that time the check that I mentioned before from Fruehauf came in, and I would assume that the check to Beck probably went out sometime within four or five days from the receipt of the note.

Mr. KENNEDY. There are a couple of matters there. The money went to Dave Beck on June 21, 1954, and the note was signed by Dave Beck on exactly the same day, so there wasn't a delay.

Mr. SEYMOUR. That is not my recollection. I know I had the note several days.

Mr. KENNEDY. I am sorry. You are right. It is June 18, 1954. The check is June 21, 1954.

Now the check from Fruehauf arrived in the Brown Equipment Co. on June 2, 1954. The Brown Equipment Co. then would have \$175,000, so there wasn't any necessity of getting \$200,000 from the Associated Transport.

Mr. SEYMOUR. I cannot tell you because the last time that we looked at it, we had a record of the time that the Fruehauf check was deposited, but I don't recall the circumstances really. I knew nothing about what we are talking about until this morning anyway. And I just did not know how it had been handled.

Mr. KENNEDY. What did Mr. Fruehauf explain to you as being the urgency, that Mr. Beck needed this money?

Mr. SEYMOUR. I don't recall, Mr. Kennedy, any emphasis on urgency particularly.

Mr. KENNEDY. Why didn't you wait? If he said he was going to send the money to the Brown Equipment Co., why didn't you wait for that money to come in before paying Dave Beck?

Mr. SEYMOUR. I don't mean to be facetious. Perhaps it was because I wanted to be sure I was going to get it.

Mr. KENNEDY. That is why I am asking. Why didn't you wait until the money came in before you advanced it to Dave Beck?

Mr. SEYMOUR. I think that I did. I think that the date that you have is the date of the deposit; is it not?

Mr. KENNEDY. If that is true, why did you have to loan the \$200,000 from Associated Transport? You had enough money in there.

Mr. SEYMOUR. There is no question about there being sufficient funds in all of our companies. The reason of the transfer of funds was the reason that Mr. Sullivan has just given, and which he just secured from New York.

Mr. KENNEDY. Which is that they needed the money in the Brown Equipment Co., and you had \$175,000 in the Brown Equipment Co.?

Mr. SEYMOUR. I don't know that that is so. I did not handle it, and I didn't handle the deposit of the money and I don't remember when it was received.

Mr. KENNEDY. On the \$200,000 that the Brown Equipment Co. paid to Dave Beck, they listed that as an advance to this ACT committee. Why was it listed in this manner?

Mr. SEYMOUR. I think that was sort of a gratuitous effort on the part of the people in my company to sort of not advertise the transaction.

Mr. KENNEDY. For what reason would they want to disguise it, the people in your company?

Mr. SEYMOUR. I don't know really, except that I think it was a transaction that was a little unusual. I think the people in Associated might consider it so.

Mr. KENNEDY. You went through another group of transactions, also, quite complicated. You will agree that these are fairly complicated.

Mr. SEYMOUR. I think so; yes, sir.

Mr. KENNEDY. In December of 1954, in a loan from the bank. Would you explain that to the committee?

Mr. SEYMOUR. Well, the reason that the loan was made at the bank was, first, because either by intuition or by some other means, and I can't tell you because it is my recollection that in the conversation that I had with Mr. Fruehauf sometime perhaps within a month or so before the loan was negotiated, that there was a question as to whether Beck's note was going to be paid. In addition to that, I wanted to go ahead and follow through on it, and it had been started, and I certainly wanted to go ahead and complete it with the result that the loan was negotiated and it was a personal advance to me which was endorsed by Mr. Landa and Mr. Fruehauf.

Mr. KENNEDY. Why did you have to go to the bank to get that money? Why didn't it just continue, and why didn't the transaction just continue as it was?

Mr. SEYMOUR. Because I wanted to get it out of the company.

Mr. KENNEDY. Out of which company?

Mr. SEYMOUR. Out of Brown. I had hoped, and I know this is true, I had hoped that the note would have been paid a little earlier than it was and before the necessity for the bank loan was made.

Mr. KENNEDY. The Brown Co. was not out any money at that time.

Mr. SEYMOUR. They were out \$25,000.

Mr. KENNEDY. The Associated Transport Co. was out \$25,000.

Mr. SEYMOUR. I thought it was the Brown.

Mr. KENNEDY. The company that was out a large sum of money was the Fruehauf Trailer Co., which was out \$175,000.

Mr. SEYMOUR. I had told Mr. Fruehauf at the beginning that I was going to endeavor to place the loan, and I finally did, and I should have done it earlier, but I didn't.

Mr. KENNEDY. I thought you said the reason you wanted to place the loan was because you wanted to clear up the accounts for Brown Equipment Co.

Mr. SEYMOUR. I wanted to get Brown out of it, or as you say Associated and I wanted to get Fruehauf out of it.

Mr. KENNEDY. Did you learn from someone that Dave Beck wasn't going to pay the note?

Mr. SEYMOUR. That I am positive, I did, somewhere.

Mr. KENNEDY. Who would have told you that?

Mr. SEYMOUR. It wasn't Mr. Beck, because I never mentioned it to him.

Mr. KENNEDY. Do you think Mr. Fruehauf—is your best recollection that Mr. Fruehauf told you that?

Mr. SEYMOUR. I heard his testimony, and he does not recall it, but I certainly don't know where else it could have come from.

Mr. KENNEDY. Who else went on this note from the Manufacturers Trust Co.?

Mr. SEYMOUR. Mr. Leon Greenbaum.

Mr. KENNEDY. Who was Mr. Greenbaum?

Mr. SEYMOUR. An old friend of mine, and he is chairman of the board of the Hertz Corp., and he went on it because I asked him to.

Mr. KENNEDY. What is the Hertz Corp.?

Mr. SEYMOUR. The large truck and car leasing company.

Mr. KENNEDY. How did you get on that note? Did you get Mr. Bert Seymour, Mr. Roy Fruehauf, Mr. Alphonse Landa, and Mr. Greenbaum, all of them to try to get \$200,000 for Mr. Dave Beck?

Mr. SEYMOUR. Well, it didn't hardly happen that way, Mr. Kennedy. In the first place I did make the loan personally. In the second place, Mr. Fruehauf and Mr. Landa gave me their note for the same amount of money. When the transaction was being made I was asked whether or not Mr. Greenbaum would be willing to enter into a repurchase agreement, which he did. There was a note separate and apart.

Mr. KENNEDY. Evidently the bank wouldn't have accepted it if it had just been you, Landa, and Fruehauf, plus Dave Beck's note.

Mr. SEYMOUR. I don't think that that is so, although when I was asked I didn't struggle against doing it, because as it developed it was not difficult.

Mr. KENNEDY. At least they asked for somebody else to come on with you, is that right?

Mr. SEYMOUR. Specifically they asked whether or not Mr. Greenbaum would be willing to do it, because I have been associated with him for the last 25 years.

Mr. KENNEDY. Did Mr. Greenbaum understand that this was being done for the convenience of Mr. Beck?

Mr. SEYMOUR. He understood it was in connection with Mr. Beck, but he never knew Mr. Beck, and as far as I know he doesn't know him yet.

Mr. KENNEDY. So you got the \$200,000 from the Manufacturers Trust Co., and they gave you \$200,000, and you in turn gave that to the Brown Equipment Co., is that right?

Mr. SEYMOUR. Well, I can't tell you exactly how it was handled, other than Fruehauf was paid back their \$175,000 and whatever the company in our setup was involved was paid back the \$25,000.

Mr. KENNEDY. So the money went to the Brown Equipment Co. to pay Fruehauf \$175,000, and then \$25,000 went to the Associated Transport, and Mr. Beck just continued, is that right?

Mr. SEYMOUR. If that is the way it was done. The \$200,000 was paid back between the two parties.

Mr. KENNEDY. That note was a 3-month note?

Mr. SEYMOUR. That is right.

Mr. KENNEDY. Had Mr. Dave Beck paid back the money, or had he paid the \$200,000 he owed by the time that 3 months' period was finished?

Mr. SEYMOUR. He didn't pay it back, until in part several, or several weeks later.

Mr. KENNEDY. What did you do then? Did you have the note extended from the bank?

Mr. SEYMOUR. No, we paid it because at this time I had been told that Beck was going to pay the note.

Mr. KENNEDY. Where did you get the money to pay the note to the bank?

Mr. SEYMOUR. Brown Manufacturing Co.

Mr. KENNEDY. Brown Manufacturing Co. then advanced the money to Mr. Seymour, who then gave the money to the bank?

Mr. SEYMOUR. That is right.

Mr. KENNEDY. For \$200,000?

Mr. SEYMOUR. Yes, sir.

Mr. KENNEDY. And then what did Dave Beck do? Did he ultimately pay the money back?

Mr. SEYMOUR. Yes, he paid it in two amounts, \$160,000 something, and then the balance a couple of months later.

Mr. KENNEDY. \$163,215?

Mr. SEYMOUR. Something like that.

Mr. KENNEDY. On April 11, 1955?

Mr. SEYMOUR. Yes.

Mr. KENNEDY. Did you understand at that time that he was able to raise that money because that is the amount that he sold his house to the Teamsters Union for?

Mr. SEYMOUR. I didn't know it until I read it in the paper, as a result of these hearings.

The CHAIRMAN. The \$163,215 that was paid on this note by Mr. Beck, do you know or did you know at the time it was proceeds from the sale of his home to the union?

Mr. SEYMOUR. No, I did not.

The CHAIRMAN. Is it in the exact amount?

Mr. KENNEDY. It is.

The CHAIRMAN. It is in exactly the same identical amount that he sold his home for.

Mr. SEYMOUR. I didn't know it until later.

The CHAIRMAN. The staff advises it is, and I am sure it is already in the record as to what it was sold for.

Mr. KENNEDY. Do you want to put this check in the record?

The CHAIRMAN. Mr. Seymour, the Chair hands you what purports to be a photostatic copy of a check in the amount of \$163,215, dated April 11, 1955, with a notation on it, "to apply to Dave Beck's note."

Will you examine this document and see if you identify it as a photostatic copy of the original?



(A document was handed to the witness.)

Mr. SEYMOUR. Yes, I do.

The CHAIRMAN. It may be made exhibit No. 172.

(The document referred to was marked "Exhibit No. 172" for reference and will be found in the appendix on p. 2524.)

Senator KENNEDY. I would like to ask the counsel now if this house was sold to the teamsters for \$163,000, and had Mr. Beck built this house himself?

Mr. KENNEDY. He had built this house, and some of the houses surrounding this house, himself.

Senator KENNEDY. And he had paid for it himself?

Mr. KENNEDY. He had not paid for it himself, and some \$193,000 had been taken from the union to pay for this house, the swimming pool, and certain of the other houses that he built in his compound.

Senator KENNEDY. That \$193,000 to build the house. Had that been loaned to Mr. Beck by the union, or was it a grant or what was that?

Mr. KENNEDY. He had built the house, and then there were repairs that were done on the house, and there were these other houses built around it. Then there was a swimming pool, and the total amount of money that Mr. Beck took from the union during this period of time to pay for this was some \$193,000.

Senator KENNEDY. Was that \$193,000 taken with the approval of the executive committee, or was it taken with the knowledge of the teamsters?

Mr. KENNEDY. No, it was not, and it was not listed as a loan or as an advance to Mr. Beck during this period of time. It was just taken and paid to the architect and to the contractor.

Senator KENNEDY. Who signed the checks?

Mr. KENNEDY. Mr. Dave Beck and Mr. Frank Brewster.

Senator KENNEDY. He received \$193,000 to help put this house together, and then he sold the house for \$163,000 to the teamsters?

Mr. KENNEDY. Yes. The \$193,000 was not only for this house, but was for 2 or 3 houses in the compound that he has in Seattle. That is where his relatives live.

Senator KENNEDY. The \$163,000 was for the whole area?

Mr. KENNEDY. No, the \$163,000 was received when he sold just his house to the union.

Senator KENNEDY. Does he pay rent to the union?

Mr. KENNEDY. No, the union tendered the house back to him for him to live in.

Senator KENNEDY. In perpetuity?

Mr. KENNEDY. I believe so.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. Then, on July 5, 1955, Mr. Dave Beck paid \$36,785 to you, which in turn was endorsed to the Brown Equipment Co.?

Mr. SEYMOUR. Yes, sir.

Mr. KENNEDY. We have a chart, Mr. Chairman, which sort of summarizes all of these things, unless everybody understands them.

Senator McNAMARA. I would like to ask the witness, you mentioned that this was an unusual transaction from Associated to Brown to Beck. Is that about the sequence, and was the money from Associated to Brown to Beck?

Mr. SEYMOUR. I think what I meant, Senator, was that the transaction was a little unusual, and not in that particular respect.

Senator McNAMARA. I think we all agree with you it is quite unusual.

Now, you indicate there was a note of Mr. Beck involved in this unusual transaction?

Mr. SEYMOUR. Yes, sir.

Senator McNAMARA. Generally, when there is a note, there is some security behind it. What was the security in this case?

Mr. SEYMOUR. The \$175,000 that I received from Freuhauf, and when the bank loan was made, which I should have made earlier than I did, Mr. Landa and Mr. Freuhauf's guaranty of \$175,000 of the loan.

Senator McNAMARA. As far as Beck's assets were concerned, none of them were put on the line at all. The assets were of other people than he. You knew he was getting this \$200,000 loan on a note without putting up any assets for it?

Mr. SEYMOUR. I don't mean to infer that I was indifferent to it, but I was satisfied that the security that my company had was adequate.

Senator McNAMARA. As far as you are concerned, or your company, it was not an unusual transaction?

Mr. SEYMOUR. Yes, it was unusual, but the company was protected nonetheless.

Senator McNAMARA. I think it was extremely unusual, when someone is getting \$200,000 and putting up absolutely nothing for it except the assets of other people, as you indicated.

Mr. SEYMOUR. I think that I should say this, Senator, that the relationship between Mr. Beck and Mr. Freuhauf and myself in connection with the committee had been very close over a period of several years, or 2 or 3 years, and I had the very highest regard for Mr. Beck and the effort that he had made in connection with this industry committee.

Senator McNAMARA. You think it was high enough to amount to \$200,000?

Mr. SEYMOUR. Well, I wouldn't have done it on my own, if that is what you are asking.

Senator McNAMARA. It was quite high, and quite unusual.

The CHAIRMAN. All right, Mr. Counsel.

Senator KENNEDY. I want to ask the counsel one question.

What was that house assessed for that Mr. Beck sold to the teamsters for \$163,000?

Mr. KENNEDY. When Mr. Beck received a loan from the Occidental Insurance Co. in 1951, a loan for some \$273,000, they appraised his property, and at that time they appraised this home and appraised it at a value of \$100,000.

Senator KENNEDY. Thank you.

The CHAIRMAN. May I inquire, to get the record straight, is it just the home, or was that all of his property they appraised at \$100,000? Was it just this individual home that he sold back to the union?

Mr. KENNEDY. For \$163,000; that is correct.

Senator CURTIS. Mr. Seymour, did you enter into this transaction to assist Mr. Freuhauf?

Mr. SEYMOUR. I did; yes.

Senator CURTIS. Did you have any knowledge that if you said "No" to it that Dave Beck would learn of your refusal?

Mr. SEYMOUR. Well, Senator, it never occurred to me and I don't think that it would have made any difference. I can be wrong, but that is my opinion.

Senator CURTIS. Your sole purpose was to help Mr. Freuhauf and not Mr. Beck?

Mr. SEYMOUR. That is correct.

Senator CURTIS. Now, did anyone participate in this loan that was not in a position to stand to lose if the trucks over the country did not move?

Mr. SEYMOUR. No, no one that I know of, Senator.

Senator CURTIS. Everybody that helped dig up this money was someone who would suffer a loss if there was teamster trouble and the trucks did not move, is that not right?

Mr. SEYMOUR. No, the reason that the loan——

Senator CURTIS. I did not ask you for the reason. I said everyone who participated was someone who was in a position to lose if there was trouble with the teamsters, and the trucks did not move; is that not right?

Mr. SEYMOUR. I think that your question is undoubtedly right, but practically I just don't believe, and I have a rather intimate knowledge of the teamsters union, and I don't believe that whoever runs the teamsters union is going to have much to do with what happens to these autonomous 1,800 or 2,000 unions. We deal with 60 or 70 different locals, and as far I can find out they run their own business.

Senator CURTIS. But you do agree that they were all in that position?

Mr. SEYMOUR. I think, theoretically, that is correct.

Senator CURTIS. Has your company assisted Mr. Beck or any of his other officers in raising money in other transactions?

Mr. SEYMOUR. No, sir.

Senator CURTIS. In any fund-raising dinners, or anything of that sort?

Mr. SEYMOUR. No, sir.

Senator CURTIS. Did you have any part in the Hoffa memorial dinner?

Mr. SEYMOUR. I attended.

Senator CURTIS. Did you buy any tickets?

Mr. SEYMOUR. No, I sat at the head table.

Senator CURTIS. And neither you nor your company or any of your companies had any part in the financing?

Mr. SEYMOUR. Pardon me again, Senator.

Senator CURTIS. Neither you nor any of your companies made any financial contribution to that memorial?

Mr. SEYMOUR. If it was so, I wouldn't know, unless it was done by our vice president in charge of labor relations. I didn't.

Senator CURTIS. That is all.

Mr. KENNEDY. Mr. Seymour, the \$200,000 from the Manufacturers Trust Co. that was loaned to you was paid back prior to the time that you people received the money back from Dave Beck?

Mr. SEYMOUR. That is correct.

The CHAIRMAN. Is there anything further?

May I ask counsel this: Do you have a chart that you have made of this transaction, tracing the loans and the money?

Mr. KENNEDY. Yes, Mr. Chairman.

The CHAIRMAN. Is it in accordance with the testimony that has been received here today?

Mr. KENNEDY. Yes, Mr. Chairman.

The CHAIRMAN. Then this chart may be made exhibit 173 for the record.

(The document referred to was marked "Exhibit No. 173" for reference and will be found in the appendix on p. 2525.)

Mr. KENNEDY. Mr. Seymour, were you approached on any other matters? Were you approached on any other matters by Mr. Fruehauf or by Mr. Beck?

Mr. SEYMOUR. I was approached, and I don't recall that it was Mr. Beck. I think, perhaps, again, it naturally arose in connection with my conversations with Mr. Fruehauf. It involved toy tractors and trailers in connection with National Truck Week, originally in 1953.

Mr. KENNEDY. Could you tell the committee what occurred in that?

Mr. SEYMOUR. Well, I arranged, although I was not then in the office, I was sick for several months, I approved a payment for whatever number of tractors and trailers it involved, or an amount of \$5,000, which was paid to the United Merchandising Co.

Mr. KENNEDY. How much money did you advance?

Mr. SEYMOUR. \$5,000.

Mr. KENNEDY. What was the purpose of that \$5,000?

Mr. SEYMOUR. To distribute toy tractors and trailers in connection with National Truck Week.

Mr. KENNEDY. Why would they want you to advance \$5,000?

Mr. SEYMOUR. Only because of my association, and Mr. Fruehauf's association, in ACT. We are the ones who sponsored the National Truck Week.

Mr. KENNEDY. Did he say that Mr. Beck was interested in it? Did Mr. Fruehauf tell you that?

Mr. SEYMOUR. Yes. I didn't know that he was interested in it but I have a recollection that the idea came from Mr. Beck, probably to Mr. Fruehauf.

The CHAIRMAN. What you mean is that you did not know that he had a financial interest in it and was going to make a profit out of it?

Mr. SEYMOUR. No, I certainly did not.

The CHAIRMAN. You did not know that at the time?

Mr. SEYMOUR. No, I did not.

The CHAIRMAN. You knew he was interested in the idea?

Mr. SEYMOUR. He had to do with the National Truck Week, as Mr. Fruehauf and I did.

The CHAIRMAN. Sir?

Mr. SEYMOUR. We originated, the ACT Committee originated, the National Truck Week, and this thing came along as a consequence of it.

Mr. KENNEDY. You advanced \$5,000 in 1953?

Mr. SEYMOUR. Yes.

Mr. KENNEDY. Did you advance any other money?

Mr. SEYMOUR. \$4,000 the following year for the same event, for another National Truck Week.

Mr. KENNEDY. This was to distribute toy trucks?

Mr. SEYMOUR. To distribute toy trucks to all of the locals, which I presume, or I think, is somewhere in the neighborhood of 1,800, and to others. Exactly where they were distributed, I don't know. I have seen them. I had one. I have seen them in some of our terminals.

Mr. KENNEDY. What was the advantage of the Associated Transport Co. to have toy trucks?

Mr. SEYMOUR. It was only in connection with the National Truck Week.

Mr. KENNEDY. Why should you put \$9,000 of your own money up to distribute toy trucks?

Mr. SEYMOUR. Because the ACT Committee is engaged in an industry endeavor and my company is part of the industry.

Mr. KENNEDY. Did every one of the trucking companies put up money?

Mr. SEYMOUR. I don't know what others put up.

Mr. KENNEDY. Were you told that other companies were putting up money?

Mr. SEYMOUR. No, I was not.

Mr. KENNEDY. Mr. Fruehauf approached you about putting this money up?

Mr. SEYMOUR. That is my recollection.

Mr. KENNEDY. I still do not understand the advantage.

Mr. SEYMOUR. Only because we have been active for a long period of time with this, what I call, the ACT committee, which is a contraction of the words the Independent Advisory Committee to the Trucking Industry, and at the time, and I still think, it was a good way to publicize the National Truck Week and bring it to the attention, as far as the number of trucks would reach.

Mr. KENNEDY. To whom did you give the money?

Mr. SEYMOUR. To the United Merchandising Co.

Mr. KENNEDY. Did you know that that company was run by Mr. Shelton Shefferman?

Mr. SEYMOUR. I did not.

Mr. KENNEDY. Do you know if Mr. Dave Beck or Dave Beck, Jr., made any profits from the moneys that you gave?

Mr. SEYMOUR. Only what I have heard since. I heard about Mr. Shefferman as a result of his testimony here, and I have heard other contributions of conversation about Mr. Beck, Jr. I don't know what the facts are.

Mr. KENNEDY. Did Mr. Fruehauf also put some money up?

Mr. SEYMOUR. Yes. I know that he did.

Mr. KENNEDY. How much money did he put up?

Mr. SEYMOUR. The same amount.

Mr. KENNEDY. \$9,000 or \$5,000?

Mr. SEYMOUR. I think it was 5 and 4, because I asked him some time back, and I am sure that that is what he said.

Mr. KENNEDY. Did you understand that this was a profitmaking company that you were contributing to and that the profits were going to Mr. Beck's family?

Mr. SEYMOUR. No. My understanding until recently was that it was to purchase toy trucks and trailers in an endeavor to go ahead and sell the idea of trucks in the United States.

Mr. KENNEDY. To sell trucks in the United States?

Mr. SEYMOUR. To sell truck transportation, the trucking business.

Mr. KENNEDY. And you put up \$9,000 for that purpose?

Mr. SEYMOUR. That is correct.

Mr. KENNEDY. What did you charge that off on your books as?

Mr. SEYMOUR. I am sure to the sales department.

Mr. KENNEDY. Sales?

Mr. SEYMOUR. It was handled by the sales department the first year. I think it was handled—I am sure it was handled by our advertising department the second year.

Mr. KENNEDY. Were there any other occasions on which Mr. Beck or Mr. Fruehauf approached you for favors, either for Mr. Beck or for anyone else?

Mr. SEYMOUR. Nothing else.

Mr. KENNEDY. Mr. Chairman, we would like to put the details of the toy truck into the record at this time.

In the last hearing we had on the matter, about a month ago, we just discussed it generally. But I would like to get the details of it, the particular figures about the toy trucks, into the record. I think we have finished with Mr. Seymour.

The CHAIRMAN. Are there any other questions of Mr. Seymour?

Senator McNAMARA. Mr. Chairman?

The CHAIRMAN. Senator McNamara.

Senator McNAMARA. Looking at this chart, it appears that \$200,000 came from the Manufacturers Trust Co., \$200,000 was paid back by Mr. Beck to the Brown Equipment Co. The Brown Equipment Co. apparently paid \$200,622.22 to Mr. Seymour. Presumably the \$622.22 would be the interest, not paid by Beck.

Mr. SEYMOUR. Yes. He paid the interest.

Senator McNAMARA. Then this is incorrect? Can you see the chart on the board? That indicates that he paid \$200,000 to Brown Equipment Co., and the line from—

Mr. SEYMOUR. His interest was paid by a separate check.

Senator McNAMARA. This is an incomplete chart, then?

This indicates that the interest was paid by the Brown Equipment Co., if I interpret it correctly. Is that correct? What does the \$622.22 paid additionally by the Brown Equipment Co. to BMS, or was there a separate check for the interest?

Mr. SEYMOUR. Because in connection with the bank loan, I paid the interest personally.

Senator McNAMARA. But you received it, according to this, from the Brown Equipment Co., and you paid it to the bank, according to the chart on the board?

Mr. SEYMOUR. Mr. Chairman, may I ask Mr. Sullivan to answer the Senator?

The CHAIRMAN. If Mr. Sullivan can answer the question, without objection he will be permitted to do so.

Mr. SULLIVAN. Mr. Seymour received a check for \$4,000, I believe, around April of 1954, from Mr. Beck. It was sent through an attorney. Mr. Seymour took the \$4,000 which was to cover the interest of Brown, Mr. Seymour, and so forth, and reimburse the Brown Co. for the interest that they had involved, reimburse himself for the interest he had paid, and he is holding a balance of somewhere around \$900 for whoever claims it, either the Fruehauf Co., or Mr. Beck, or

whoever it may belong to, because it was an overpayment of interest, so far as Brown or Mr. Seymour was concerned.

Senator McNAMARA. An overpayment of interest?

Mr. SULLIVAN. Yes, sir.

Senator McNAMARA. \$622 of the amount that shows here; is that the explanation?

Mr. SULLIVAN. I don't know about the \$600 that shows there. That simply reflects, as I understand it, that when the bank was paid off there was currently \$622 of interest due on the \$200,000 note to the bank, and the bank, of course, wanted its payment in full. At that particular time, the records of Associated show, or Brown show, that Brown gave \$200,622 to the bank, and that the same day Mr. Seymour gave his personal check to Brown for \$622.

Then, as I say, in April, Mr. Seymour received \$4,000 from Mr. Beck for interest, and the letter of transmittal showed it was for the interest.

Senator McNAMARA. You think the difference between the \$622.22 and the \$4,000 came from Mr. Beck, was distributed amongst the other people involved, is that it?

Mr. SULLIVAN. Well, sir, I say this is what happened: Mr. Seymour, during part of the time when the loan was at the bank, because the loan was officially in Mr. Seymour's name, was paying each month \$622 to the bank in interest. So when Mr. Seymour received the \$4,000, he reimbursed himself to the extent that he had been advancing \$622 per month for some 3 months, and also he has the money for Brown to make up the interest on the \$25,000 that they had involved.

This check was adequate to take care of about \$3,000 of interest at the rate of 4 percent on the loan. That is all of the interest that Mr. Seymour or Brown was entitled to.

So there is a balance that Mr. Seymour is holding. On my advice he has been holding it for about 2 years, until somebody claims it. It is \$800 or \$900.

In 1954, which is the first we knew about it, a representative of the Internal Revenue Department, who was apparently investigating the affairs of Mr. Beck, came around and asked about this loan transaction, and since that time, Mr. Seymour has simply been holding that balance, because I, as counsel for the company, advised him to just hold it until we found out who it belongs to or until somebody claimed it. I do understand that perhaps the Fruehauf Co. say it is theirs.

Senator McNAMARA. Thank you.

I guess that is as clear as the rest of it.

Mr. SULLIVAN. It is as clear as I can make it, Senator, and I have been working very hard to understand it.

Senator McNAMARA. We will have no argument about that.

The CHAIRMAN. Mr. Counsel, is there anything further?

Counsel says he can explain the chart.

Senator McNAMARA. I hope he starts by showing me the \$4,000 I don't see.

Mr. KENNEDY. The original request was made of Dave Beck to Mr. Fruehauf. He telephoned Mr. Seymour and Mr. Seymour then arranged for the Associated Transport Co. to advance \$200,000 to the Brown Equipment Co. At the same time the Fruehauf Trailer Co. advanced \$175,000 to Brown Equipment Co. The \$175,000 came

through the Brown Equipment Co. and came over here to the Associated Transport Co. They were then \$25,000 short.

The Brown Equipment Co. meantime had this \$200,000, and they, in turn, advanced it to Mr. Dave Beck down here. Dave Beck at that time gave a note for \$200,000 to the Brown Equipment Co.

Adding this all up, the Fruehauf Trailer Co. is out \$175,000; Associated Transport Co. is out \$25,000; the Brown Equipment is even; and Dave Beck has the \$200,000.

Dave Beck was supposed to pay this money back to the Brown Equipment Co. by December of 1954, but he was unable to do so, and Fruehauf evidently wanted their money back. They were out, as I said, \$175,000.

So then Mr. Seymour, in the end of December 1954, went to the bank, the Manufacturers Trust Co., and asked them to loan him \$200,000. He said on that note, or it was arranged on that note, that it would be Mr. Landa, Mr. Fruehauf, and himself. The bank at that time said, "That won't be sufficient. We need further endorsement."

So he went to this man, Greenbaum, from the Hertz Co., and he put in a repurchase letter.

So in the Manufacturers Trust Co., you had Mr. Seymour's note, you had Mr. Landa and Mr. Fruehauf's note, then you had the repurchase letter of Mr. Greenbaum.

So with that, the Manufacturers Trust Co. advanced the \$200,000 to Mr. Seymour.

Are you still with me?

Senator McNAMARA. Where is the \$4,000?

Mr. KENNEDY. This is December of 1954. Mr. Seymour then sent that \$200,000 to the Brown Equipment Co. The Brown Equipment Co. returned \$175,000 to Mr. Fruehauf and \$25,000 to the Associated Transport. But now, as we stand at the end of December 1954, the Manufacturers Trust Co. is out \$200,000, Mr. Seymour, Mr. Fruehauf, Mr. Landa, and Mr. Greenbaum have guaranteed it, and Mr. Beck still has the \$200,000.

Then this note originally to the Brown Equipment Co. by Dave Beck had been due in December of 1954, but, as I say, he wasn't able to pay it.

Then this note to the bank for \$200,000 came due at the end of March of 1955. They got this \$200,000. Then at the end of March, it was a 90-day note, by the end of March 1955, this note was due again.

So Mr. Dave Beck still was not able to come up with the \$200,000 so Mr. Seymour borrowed \$200,000 from the Brown Equipment Co. and paid the bank back, the Manufacturers Trust Co. back, the \$200,000, so that dismissed Roy Fruehauf, Landa, and Bert Seymour, and Mr. Greenbaum.

So at the end of March 1955, the situation stood that Brown Equipment Co. was out \$200,000 and Dave Beck still had the \$200,000.

Then in April of 1955, Mr. Dave Beck arranged to sell his house to the teamsters. So the teamsters gave him \$163,215 for his house, and told him that he could live there, and Mr. Dave Beck then sent that check up to Mr. Bert Seymour, \$163,000. It came up on April 11, 1955, to Bert Seymour, and then came down to the Brown Equipment Co. because, as I say, Brown Equipment Co. was out this \$200,000.



So he reendorsed that to Brown Equipment Co. Then the situation then stood that the teamsters were out \$163,000, and the Brown Equipment Co. was still out \$36,785 that Dave Beck still had.

Then Dave Beck advanced the \$36,785 in July—July 5, 1955—to Mr. Seymour, and then that was in turn paid to the Brown Equipment Co.

So everybody was even. Dave Beck had \$163,215 of the teamsters' money that it had paid for his home, and everybody else was square.

Do you understand?

Senator McNAMARA. Who paid the interest?

Mr. KENNEDY. The B. & B. Investment Co., which is Mr. Dave Beck's investment company, and which is a company owned by himself, they sent a \$1,000 check to Alfons Landa—no, they sent it to Mr. Fruehauf. Mr. Fruehauf sent it to Mr. Landa, Mr. Landa sent it to Mr. Seymour, and that was the end of the \$1,000.

Senator ERVIN. Mr. Chairman, I just want to congratulate our counsel. He has certainly unscrewed the inscrutable.

The CHAIRMAN. Are there any further questions?

Let us have order, please.

Mr. SULLIVAN. Mr. Chairman, just to straighten out one thing, as long as we are this tangled up, I misspoke awhile ago when I said the Internal Revenue came around to Associated Transport to investigate Mr. Beck's affairs in connection with the loan. It was 1955 that they came around, not 1954.

The CHAIRMAN. All right. Thank you.

They have been around?

Mr. SULLIVAN. They were around, doing their duty, sir.

Senator KENNEDY. I just want to ask the counsel what Mr. Beck did with the \$200,000 originally that he borrowed through this mechanism.

Mr. KENNEDY. In 1954, early 1954, the Internal Revenue Department started an investigation. At that time, Mr. Beck, according to our records, had taken at least \$320,000, since 1949, from the union treasury, which nobody knew about. So the Internal Revenue started going through their books, starting to uncover this. So Mr. Beck stuck the \$200,000 back in the union treasury and said that he had just been borrowing this money during this period of time, and that he had borrowed a lot more, but he didn't know how much he had borrowed. At that time he was going to pay \$200,000 and he would pay the rest as they could figure out how much he had taken.

Since that time, 1955-56, he has paid another \$70,000 and perhaps possibly some more.

But the original money was paid, the original \$200,000 was paid.

Senator KENNEDY. Did Mr. Beck do any favors for the Associated Transport Association during this period of 1955?

Mr. SEYMOUR. No, sir, nor any other year.

Senator KENNEDY. Did he ever arrange for the withdrawal of pickets from facilities of the Associated Transport, McLean, and others from the area south of New England, during a strike in New England?

Mr. SEYMOUR. No, sir.

Senator KENNEDY. Are you familiar with a memorandum from Arthur Condon to Mr. Fruehauf, stating that, on July 5, 1955, the

teamsters, through Einar Mohon, arranged the withdrawal of pickets from the facilities of Associated Transport, McLean, and others, involved in New York and other points south of New England, thus permitting Associated Transport and others to resume operations south of New England?

Mr. SEYMOUR. I know there were difficulties, but it was handled by John Lane, who is vice president in charge of our labor relations, and I believe you are referring to the time of the New England strike.

Senator KENNEDY. That is correct.

Mr. SEYMOUR. Many carriers, including ourselves, had pickets that came down from New England and had pickets around terminals and areas outside of New England, and our company was one, I believe.

Senator KENNEDY. In other words, is it your information that he arranged conversations with Mr. Beck for the withdrawal of all pickets on the Associated Transport and McLean and others south of New England?

Mr. SEYMOUR. I can't tell you, Senator. I had nothing to do with it. I never talked with Mr. Beck in connection with that which you are describing.

Senator KENNEDY. What is your connection with the Associated Transport?

Mr. SEYMOUR. I am president.

Senator KENNEDY. Do you know why pickets were withdrawn, or how it was arranged?

Mr. SEYMOUR. I assume it resulted from a negotiation between John Lane, who is in charge of our labor relations, and other carriers with the union. I thought it was with the locals that were involved in New England. It may be that others were there. I don't know.

Senator KENNEDY. I have one other question.

Did you loan or give the money to send out to these locals for these small trucks, the model trucks?

(At this point, Senator Ives withdrew from the hearing room.)

Senator KENNEDY. I am still speaking of the \$5,000.

Mr. SEYMOUR. The company check was mailed to the United Merchandising Co.

Senator KENNEDY. Was it an investment, a loan, or a gift?

Mr. SEYMOUR. It was a purchase of toy trucks.

Senator KENNEDY. You purchased the trucks from this company which Mr. Nathan Shefferman—

Mr. SEYMOUR. I didn't know that at the time.

Senator KENNEDY. Who did you think was the head of it?

Mr. SEYMOUR. I just didn't know.

Senator KENNEDY. You did not know who you were purchasing the trucks from?

Mr. SEYMOUR. I just assumed that they were people who were engaged in the business of building toy trucks.

Senator KENNEDY. And Mr. Fruehauf asked you to purchase them?

Mr. SEYMOUR. That is my best recollection.

Senator KENNEDY. And you got the trucks, then?

Mr. SEYMOUR. Well, they weren't sent to Associated, they were sent around the country in connection with the activities of the ACT committee, which had sponsored the National Truck Week.

Senator KENNEDY. Were they not sent to teamster locals? Is that correct?

Mr. SEYMOUR. I understand some were; yes.

Senator KENNEDY. And you got the money back, the \$9,000, or was that your contribution? Did you receive the \$9,000 back?

Mr. SEYMOUR. No; we have not.

Senator KENNEDY. In other words, it was your contribution to sending toy trucks around to the teamsters locals?

Mr. SEYMOUR. It was the contribution of the members of the board of directors of the ACT committee in connection with the National Truck Week.

Senator KENNEDY. Were not these trucks sold to the teamsters locals?

Mr. SEYMOUR. I don't know, Senator.

Senator KENNEDY. You have never checked on that?

Mr. SEYMOUR. No; I never have. I never knew there was any question about it until a couple of months ago.

Senator KENNEDY. Now you know that these trucks were sold to the teamsters?

Mr. SEYMOUR. I have heard other rumors, too, and if we find they are true I am going to ask for our money back.

Senator KENNEDY. What are those rumors?

Mr. SEYMOUR. That in 1954, if that is the year, that there is some question as to whether there were any of them sent out anywhere.

Senator KENNEDY. You are investigating that?

Mr. SEYMOUR. That is being investigated.

Senator KENNEDY. As I understand—

Mr. SEYMOUR. I am not investigating.

Senator KENNEDY. As I understand, you put \$9,000 into this business, and you thought you were helping to promote interest in trucking. Now you learn that this was a financial investment project by Mr. Shefferman's son and Mr. Beck's son, and his nephew, and that these trucks were sold to the teamsters' locals, and that there is some suggestion that the teamsters' locals were obliged to purchase them?

Mr. SEYMOUR. I didn't know that until recently.

Senator KENNEDY. In other words, they were making an investment out of it, and you were contributing. Your \$9,000 was used to bring some degree of profit to Mr. Shefferman and Mr. Beck's family.

Mr. SEYMOUR. The matter is in the hands of Mr. Sullivan, who is general counsel of our company at present.

Senator KENNEDY. He is planning some action to recover the money?

Mr. SULLIVAN. The answer is that I have turned it over to my legal department of the company in New York, and I expect a report very shortly on it, ever since we first heard that there may be questions about it, and that is only in the last 2 or 3 weeks.

Senator KENNEDY. You mean before the committee?

Mr. SULLIVAN. Before the committee is the first I heard of it, and I am following up some other sources, to see if we have a direct right of action.

The CHAIRMAN. Senator McNamara?

Senator McNAMARA. Since Mr. Shefferman has been mentioned, are you one of his clients?

Mr. SEYMOUR. No. I don't know Mr. Shefferman.

Senator McNAMARA. A lot of people do know him, but are you one of his clients?

Mr. SEYMOUR. I am not one of his clients.

Senator McNAMARA. I understand he is the type of fellow where a lot of people are his clients who do not know it.

Mr. SEYMOUR. I am not one of them.

Senator McNAMARA. Thank you.

Mr. KENNEDY. In connection with Mr. Shefferman, has Mr. Shefferman's attorney been around to see you?

Mr. SEYMOUR. Not to see me.

Mr. KENNEDY. Has he been around to see any of your people?

Mr. SULLIVAN. I will say, Mr. Chairman, and I do not remember his name, someone came in the office awhile ago in connection with, I believe, Union Merchandising, and we had a legal discussion.

Mr. KENNEDY. Was it for the purpose of finding out what conversations the committee staff had with you people? Was that the purpose?

Mr. SULLIVAN. No; I don't think so. The only conversations I had was I was interested in finding out any confirmation of a suggestion that had been made by somebody from the committee that perhaps we had made a third contribution that we couldn't find any record of, so I asked about that, and the only other discussion we had was a question of where were these toy trucks distributed, because I was asking that question.

Other than that, there was no particular conversation other than I stated what our position with respect to this matter was.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. Mr. Chairman, if it is satisfactory to you, I would like to dispose of this toy truck business by putting Mr. Bellino on to explain what happened.

The CHAIRMAN. Come forward, Mr. Bellino.

(Members present at this point: Senators McClellan, Kennedy, Ervin, McNamara, and Curtis.)

### TESTIMONY OF CARMINE S. BELLINO—Resumed

The CHAIRMAN. Mr. Bellino, you have been previously sworn during this series of hearings, have you not?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Do you waive counsel?

Mr. BELLINO. I do, sir.

The CHAIRMAN. Let us proceed.

Mr. KENNEDY. Mr. Bellino, you have made a study, have you not, of the Union Merchandising Co. and the toy truck transaction?

Mr. BELLINO. A study has been made of the records of the Union Merchandising Co., Flobar Sales as well as the Union Label and Trades Agency of the AFL.

Mr. KENNEDY. Mr. Chairman, we have a toy truck of the type we have been talking about.

The CHAIRMAN. Let us see the toy truck.

That will be made exhibit 174.

(The truck referred to was marked "Exhibit No. 174," for reference and may be found in the files of the select committee.)

The CHAIRMAN. All right, gentlemen, let us have order.

Proceed with the witness.

Mr. KENNEDY. Mr. Bellino, you made a study of the companies that handled the toy truck transaction?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the names of those companies are what?

Mr. BELLINO. The Union Merchandising Corp., Flobar Sales, and the Union Label Trades of the AFL.

Mr. KENNEDY. Would you tell the committee where the initial investment for the toy trucks came from?

Mr. BELLINO. The initial investment came from the AFL of \$250, which went to the promotion fund of the Union Label and Trades.

Insofar as the initial moneys for the actual construction and manufacture of the trucks, the money came from, according to the records of the Union Merchandising Corp., \$10,000 was received from Fruehauf and Brown Equipment Co. on November 20, 1953, and an additional \$5,000 was received on November 27, 1953, from Associated Transport Co.

Mr. KENNEDY. Are those records accurate?

Mr. BELLINO. We have ascertained that the Brown Equipment Co. check was the one that was deposited under the name of Associated Transport, and there was only one check from Fruehauf for \$5,000, and the other check was a check of \$5,000 payable to Ray Leheney by the International Brotherhood of Teamsters, which was recorded on the books of Union Merchandising as coming from Brown Equipment.

Mr. KENNEDY. The records show that \$5,000 came from Fruehauf, and that \$9,000, is it, or \$10,000, from Brown Equipment Co. and Associated Transport?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. We have found since that time that \$5,000 did come from Brown Equipment Co. or Associated Transport?

Mr. BELLINO. That is right.

Mr. KENNEDY. But the other \$5,000 did not?

Mr. BELLINO. That is right.

Mr. KENNEDY. So the entry in the books is incorrect or false?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the fact is that \$5,000 came from Ray Leheney out of—

Mr. BELLINO. Out of the teamsters.

Mr. KENNEDY. Out of the teamsters.

Mr. BELLINO. It was not indicated.

Mr. KENNEDY. With that initial investment, how much profit was made on the toy trucks?

Mr. BELLINO. The profit on the toy trucks was \$84,802.64.

Mr. KENNEDY. So the records show that those toy trucks were sold to the teamsters unions?

Mr. BELLINO. Various individuals as well as to various teamsters unions; yes.

Mr. KENNEDY. The majority of the sales were to the teamsters locals and by them to various individuals; is that right?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the total profit on this investment of some \$15,000 was \$84,000; is that right?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the investment did not come from the group that was involved, but came from outsiders?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. It came from Roy Fruehauf and it came from Associated Transport?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. To whom did this profit ultimately accrue?

Mr. BELLINO. The profit ultimately accrued to Shefferman and relatives of Dave Beck.

The CHAIRMAN. Name the relatives. Let us make the record clear.

Mr. BELLINO. The relatives are Norman Gessert and Dave Beck, Jr.

The CHAIRMAN. Are those the only two?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. At that same time, during 1953 and 1954, did this Union Merchandising Co. also have other transactions with the teamsters union?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. They sold the furniture to the teamsters building?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And arranged for the sale of the furniture?

Mr. BELLINO. Yes, sir; and printing dues, books and so on.

Mr. KENNEDY. So for this whole outfit, how much was the profit for this company?

Mr. BELLINO. The profit derived from those sources was \$115,318.96.

Mr. KENNEDY. What is the total profit?

Mr. BELLINO. The total of both sources is \$200,121.60.

Mr. KENNEDY. Do you have it broken down, Mr. Bellino, as to whom this money went, this \$200,000?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Would you give the committee that?

Mr. BELLINO. They paid to the International Brotherhood of Teamsters \$20,824.71. I understand, however, that did not cover all of the expenses that the teamsters had in this connection. They printed one of these booklets that went out advertising the sale of these toy trucks. The Shelton Co., one of the Shefferman companies, received \$20,000. Dave Beck, Jr., received \$19,500.11. Norman Gessert received \$51,751.71.

Mr. KENNEDY. Who is Mr. Norman Gessert?

Mr. BELLINO. His wife is a niece, I believe, of Dave Beck.

Nathan Shefferman received \$16,500, and Shelton Shefferman received \$49,229.53.

That is a total of \$177,806.06, the balance of \$22,315.54 remained as surplus in the books of the company.

The CHAIRMAN. Let me ask you. I believe you said the total was \$200,121.60, the total profit?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. From the two transactions, the truck and the sale of the furniture?

Mr. BELLINO. The sale of furniture, and printing books, and miscellaneous articles.

The CHAIRMAN. Is that net profit, after all expenses?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. That is net profit?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. In other words, that is income?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. All right.

Mr. BELLINO. With respect to the three \$5,000 checks, for a total of \$15,000, \$10,000 of that went to Miller Aaronson Co. The balance they showed as profit. That \$5,000 profit appears to have been added onto the payment to Mr. Gessert. Gessert received a total of \$38,500, which is a little over \$5,000 more than what the joint Sheffermans received as salary. In other words, the Sheffermans received a salary of \$16,500 each, or a total of \$33,000, whereas Gessert received \$38,500.

Indications are that the \$5,000 which remained as a profit in the Union Merchandising on these toy trucks was credited and paid over to Norman Gessert.

Mr. KENNEDY. Mr. Norman Gessert is 1 of the 4 individuals that we have been looking for for some 6 weeks and have not been able to locate?

Mr. BELLINO. Yes, sir.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. When you testified that these trucks were sent out to local unions and purchased by them or sold to others, what do you mean by "others"?

Mr. BELLINO. Others would be possibly other individuals, friends of teamster members.

Senator CURTIS. Were they friends of teamster members or were they employers?

Mr. BELLINO. Some of them may have been employers. I do not know the whole list, Senator.

Senator CURTIS. Do you know what a truck like the exhibit before the committee sold for?

Mr. BELLINO. They ranged in price—I don't know that particular one, but they ranged in price from \$15 to \$30 apiece.

The CHAIRMAN. Were they different sizes?

Mr. BELLINO. They are different types.

The CHAIRMAN. Different types?

Mr. BELLINO. Yes.

Senator CURTIS. Do you know what it cost to manufacture them?

Mr. BELLINO. No, sir.

Senator CURTIS. Do you know where they were manufactured?

Mr. BELLINO. They were manufactured by Miller & Son, in Los Angeles, and our men have been working over those records and have not completed what the actual cost was.

Senator CURTIS. You have not had an opportunity to check in any particular local union as to how their sales of those were?

Mr. BELLINO. I believe we have a group of letters that the chief counsel will get into evidence that will explain that, Senator.

Senator KENNEDY. How much capital was in the company?

Mr. BELLINO. Initially there was just \$250 for selling expenses by the Union Label and Trades, and only \$5,000 would be left in the company, because \$10,000 went to Miller & Son.

Senator KENNEDY. In other words, the previous witness stated that he put in \$9,000. Did Fruehauf put in some, too?

Mr. BELLINO. Fruehauf put in—the \$9,000 includes an additional payment of \$4,000 in 1954 which I did not include with the \$15,000.

Senator KENNEDY. In other words, that is \$9,000, and Fruehauf put in how much?

Mr. BELLINO. \$5,000. That would be \$14,000.

Senator KENNEDY. What percentage of the total amount invested by all participants, including the Sheffermans, et cetera, what percentage would that \$14,000 be of the money invested in this company?

Mr. BELLINO. There is no other money invested that I can recall.

Senator KENNEDY. In other words, the only money that was put in was this \$14,000 by two men who were getting no return on it, and they regarded it as a contribution to the industry; is that right?

Mr. BELLINO. Insofar as the operation of the toy trucks; yes, sir.

Senator KENNEDY. In other words, neither Mr. Shefferman nor any of Mr. Beck's family invested any of their own funds in it?

Mr. BELLINO. Not insofar as the operation of the toy trucks; no, sir. They may have been in the other companies, but I don't have the figures with respect to the other operation.

Senator KENNEDY. What did they make out of the toy-truck deal alone?

Mr. BELLINO. \$84,802.64.

Senator KENNEDY. In other words, these two men put in \$14,000, the total amount of the capital, for which they got no return, and out of it was made, by people who put in no money, \$84,000?

Mr. BELLINO. That is correct, sir.

Senator KENNEDY. That is very odd.

Mr. KENNEDY. Mr. Bellino, adding to that is the promotional expenses of about \$20,000, which was paid for by the teamsters; is that right?

Mr. BELLINO. There was \$15,000—yes, approximately \$15,000—in preparing that booklet that went out around Christmas time.

Mr. KENNEDY. Mr. Chairman, we have some of the letters, books, booklets, telegrams that went out under Dave Beck's signature, urging teamster members and teamster locals to purchase these toy trucks.

We have a witness to introduce some of those documents.

The CHAIRMAN. Can this witness not introduce them?

Mr. KENNEDY. Mr. Adlerman would be the proper witness for that.

The CHAIRMAN. Very well.

May the Chair announce that this truck that we made an exhibit—exhibit 173—will be for reference only? I do not want it incorporated into the record.

(Members present at this point: Senators McClellan, Kennedy, Ervin, McNamara, and Curtis.)

The CHAIRMAN. Mr. Adlerman, you do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ADLERMAN. I do.

### TESTIMONY OF JEROME ADLERMAN

The CHAIRMAN. State your name, your place of residence, and your present occupation.



Mr. ADLERMAN. My name is Jerome Adlerman. I am assistant counsel to the committee. I reside in Arlington, Va.

The CHAIRMAN. Proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Adlerman, we received under subpoena from the teamsters union certain of the documents, letters, telegrams, and booklets that were put out for promotion of this toy-truck campaign. Is that right?

Mr. ADLERMAN. Yes, sir.

Mr. KENNEDY. And we find that that material that went out to the unions went out under the signature of Mr. Dave Beck?

Mr. ADLERMAN. Yes. The initials of Dave Beck are on the bottom, and it recites from the office of Dave Beck, general president.

(At this point, Senator Kennedy withdraw from the hearing room.)

Mr. KENNEDY. Would you read to the committee some excerpts from some of those letters that you have, and the booklet?

The CHAIRMAN. Let the Chair announce that all of the material that is going to be read, the excerpts, is material which the committee obtained by subpoena from the teamsters.

Mr. ADLERMAN. That is right.

The CHAIRMAN. Is that the Western Conference or just the Teamsters International?

Mr. KENNEDY. From the international.

The CHAIRMAN. From the international?

Mr. ADLERMAN. That is right.

The CHAIRMAN. These are their documents.

Proceed.

Mr. ADLERMAN. I think we should put into evidence the advertisement that was printed in the International Teamsters Union paper on December 1953, which contains an ad advertising the sale of these toy trucks by the union, under the name of "Union Label and Trade Service Department, 100 Indiana Avenue NW., Washington, D. C.," with a pricelist on the trucks.

The CHAIRMAN. That may be made exhibit 175, for reference, the document which has just been testified to.

(The document referred to was marked "Exhibit No. 175," for reference and will be found in the appendix on pp. 2526-2528.)

Mr. ADLERMAN. On December 14, 1953, Mr. Dave Beck sent a telegram to Jack Hemingway, local 98. I would like to read this telegram, or at least some excerpt of it.

The CHAIRMAN. The telegram may be made exhibit 176.

(The telegram referred to follows:)

Mr. ADLERMAN (reading):

The records of our union shop card and miniature truck sales campaign in the labels trade department do not record any participation by your local union. Initial expense by the label trades department of sending free trucks to every secretary with the additional advertising, mailing and administrative cost connected with this campaign have been approximately \$25,000. We do not want the label trades department to suffer any loss. We have recommended a minimum purchase of five trucks per local union and, of course, where possible, welcome added help. I emphasize your participation is voluntary. I will appreciate your cooperation and assistance. Please advise me personally at International Headquarters, Washington, 100 Indiana Avenue Northwest, today, if you are ordering trucks, so they may close their records and save mailing and wiring expense if you are not going to do so. If you have sent your order in this weekend, it would not show on their records until Monday. In such instance, please accept my appreciation for your splendid cooperation and recognize the short time before Christmas prompts this wire.

DAVE BECK.

(At this point, Senator Kennedy entered the hearing room.)

Mr. ADLERMAN. That was sent out on December 14, 1953.

The CHAIRMAN. How much did he say the union is out, or one division of the union?

Mr. ADLERMAN. \$25,000.

The CHAIRMAN. He says there the union is out \$25,000?

Mr. ADLERMAN. They incurred an expense of \$25,000.

The CHAIRMAN. He does not say that he has gotten some money from some trucking people?

Mr. ADLERMAN. He doesn't mention that at all, sir.

The CHAIRMAN. Do you find anything in their records to show that the union is out anything on it?

Mr. ADLERMAN. I think Mr. Bellino can answer that better than I can.

The CHAIRMAN. I believe he did testify that they were out some expenses.

Mr. ADLERMAN. I have another telegram that was sent out on December 9, to the same gentleman, previous to the telegram I just read.

The CHAIRMAN. That telegram may be made exhibit 177.

(Telegram referred to follows:)

I sincerely trust you will cooperate 100 percent in the promotion of the scale models of the union-made toy trucks displaying the teamster emblem and union shop card. Can be used as door prizes to stimulate attendance at meetings, also sent to hospitals for crippled children. Hope each local union will order no less than five each for promotional purposes.

Fraternally,

DAVE BECK, *General President.*

Along with that, he sent, of course, some descriptive literature.

Mr. ADLERMAN. We have a number of telegrams which were sent to the different joint councils on the same subject. I would like to read this one dated December 11, 1953.

The CHAIRMAN. I do not want to place all of those into the record, as it is not necessary. Would you state the number that were sent to different councils or different groups, and then read one of them as a sample?

Mr. ADLERMAN. It is impossible to state the number, Senator, because some of them have a list of 4 or 5 pages of names, where one copy of the telegram was sent to them. So I would say that the probability is that the total telegrams sent out may have numbered over a hundred or so.

The CHAIRMAN. Read one of them.

Mr. ADLERMAN. I would like to read 1 or 2 samples of them.

This telegram was sent out on December 11, 1953, to Gordon Conklin, of the Joint Council No. 34, St. Paul, Minn. It states:

The CHAIRMAN. This telegram may be made exhibit 178.

(Telegram referred to follows:)

The Minneapolis Joint Council has given splendid cooperation. They have ordered 315 miniature trucks representing purchases by local unions affiliated with their joint council. We do not have a single purchase letter, wire, or telephone call of any kind or character from the St. Paul local union or the joint council, although we have had Hoffa and others trying to make contact. Please advise why we get no cooperation. If special meeting of council has not been called or special meeting of secretaries has not been called, please do so immediately and advise me by wire or telephone this afternoon what is the matter in St. Paul.

(Signed) DAVE BECK.

The CHAIRMAN. Is that a solicitation of voluntary cooperation?

Mr. ADLERMAN. It is the sort of cooperation you get when you hit somebody over the head.

The CHAIRMAN. What I mean is there is nothing in there that says "We will appreciate your doing this if you care to"? It is rather urgent.

Mr. ADLERMAN. It is nothing of that sort. It is a direction of "if you don't cooperate, please advise me why we have had no cooperation" and orders a special meeting to be called to obtain such cooperation.

I just want to read 1 or 2 others of a similar nature.

This one was sent to Milwaukee, Wis., Mr. Ranney, secretary-treasurer of local union 200, on December 11.

The CHAIRMAN. That telegram may be made exhibit 179.

(Telegram referred to follows:)

Twenty-three trucks is the total purchased by local unions affiliated with joint council 50. Sixteen of them are from your own local union. All over the United States locals are averaging about five trucks per local. Please give me an answer this afternoon, either by wire or telephone, the reason for the situation in the Milwaukee Joint Council.

DAVE BECK.

(At this point, Senators Ervin and McNamara withdrew from the hearing room.)

The CHAIRMAN. This is still voluntary?

Mr. ADLERMAN. That is right.

The CHAIRMAN. Others are of the same nature?

Mr. ADLERMAN. Yes, they are all of the same nature.

The CHAIRMAN. I do not think it is necessary to place any more into the record.

Mr. KENNEDY. Mr. Chairman, I would like to say that these letters and telegrams, we have been informed by the teamsters union, cost approximately \$20,000 on the promotional campaign, that it cost the teamsters some \$20,000 for the telegrams, letters, et cetera, for the work they were doing.

The CHAIRMAN. Is that in addition to what has been shown on the books?

Mr. KENNEDY. No. As Mr. Bellino has testified there is some \$20,000 that went into it.

The CHAIRMAN. In other words, what the teamsters invested in this project was the promotion cost?

Mr. KENNEDY. That is right. And they were ultimately paid approximately that amount, but the profits then were distributed amongst the Sheffermans and amongst Dave Beck's family. You can see that this promotion was all carried out by Dave Beck, asking for voluntary assistance.

Mr. ADLERMAN. There are 1 or 2 letters, and these are in 1954, which show the connection of Mr. Shefferman with the transactions. This letter of October 29, 1954, is addressed to Mr. Raymond Cohen, secretary-treasurer, local union 107, Philadelphia, Pa. I would like to read part of it:

I am very sorry if my request that you meet Shelton Shefferman the other day at the airport at Philadelphia inconvenienced you, as I later learned you were not able to keep the appointment. I am very anxious to get 100 percent cooperation in Philadelphia in our union label and shop card campaign in the sale of the

miniature trucks, and I will appreciate your every effort in this direction. Shelton advised me that he gave the entire story to Hartsough, but if there are other questions in your mind on this program I would suggest that you contact Shelton at this address: Mr. Shelton Shefferman, Labor Relations Associates, 75 East Wacker Drive, Chicago, Ill.

He goes on to describe what he would like him to do.

A similar letter was sent to Mr. Larry McGinley, not exactly the same, which states:

I am very sorry if I interfered with your schedule—and so forth.

I am positive you can dispose of 200 miniature trucks in the area of your operation and take care of the whole thing in the next 2 weeks.

The CHAIRMAN. These letters may be made exhibit 180 and the one you are now reading exhibit 181.

(The documents referred to were marked "Exhibits Nos. 180 and 181," for reference, and will be found in the appendix on pp. 2529-2530.)

Mr. ADLERMAN. Again he points out that he should get in touch with Mr. Shefferman.

Mr. KENNEDY. Can we have the other letters made an exhibit?

The CHAIRMAN. All of the other letters that you have there may be made exhibit 182 for reference only, not to be printed in the record, the ones you have not read.

(The documents referred to were marked "Exhibit No. 182," for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, would you recall Mr. Roy Fruehauf, please?

The CHAIRMAN. Mr. Fruehauf, come forward, please.

(Members present at this point Senators McClellan, Kennedy, and Curtis.)

### TESTIMONY OF ROY FRUEHAUF, ACCOMPANIED BY HIS COUNSEL, CLARK M. CLIFFORD—Resumed

Mr. KENNEDY. Mr. Fruehauf, we had some testimony about the toy trucks. Did Mr. Beck approach you about making a contribution for the toy trucks?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. That was in 1953?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. What did he want from you?

Mr. FRUEHAUF. He wanted us to go in on the program because of the National Truck Week, which was in behalf of promotion of the industry, and in addition to that we were to have our name on the equipment.

Mr. KENNEDY. Why did you happen to go to Associated Transport?

Mr. FRUEHAUF. Mr. Beck asked me to phone Mr. Seymour.

Mr. KENNEDY. And get some money from him also?

Mr. FRUEHAUF. He just asked me to pass the message on to him.

Mr. KENNEDY. What was the message?

Mr. FRUEHAUF. That he would like to have him contribute to this program for a National Truck Week.

Mr. KENNEDY. By toy trucks?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. What was Associated Transport to get out of it? I notice your emblem is on, but I do not see anything about Associated Transport.

Mr. FRUEHAUF. They were part of the Independent Advisory Committee, and the Independent Advisory Committee was sponsoring National Truck Week. I presume Mr. Seymour took a broad look at it, that this was a promotion for the industry.

Mr. KENNEDY. Then did you go to Mr. Seymour again in 1954?

Mr. FRUEHAUF. I don't recall whether I did or not.

Mr. KENNEDY. He states that you approached him both times, to get some more money. Why would you go to him again?

Mr. FRUEHAUF. I don't recall that I did go to him in 1954.

Mr. KENNEDY. Was there any question as to why Mr. Dave Beck could not go to Mr. Seymour directly instead of through you?

Mr. FRUEHAUF. Not that I know of.

Mr. KENNEDY. Did Mr. Dave Beck make any other requests of you after the union loaned you and your company \$1,500,000? Did he make any request other than the loaning of the \$200,000, and, second, the putting up of \$5,000 yourself for the toy trucks and \$9,000 by Associated Transport Co.?

Mr. FRUEHAUF. Yes. I recall one occasion that he called us and asked us to expedite the purchase of a boat for him.

Mr. KENNEDY. Of a boat?

Mr. FRUEHAUF. Of a boat that was made in Michigan.

Mr. KENNEDY. Were you able to do that for him?

Mr. FRUEHAUF. I turned the matter over to my administrative assistant and he was able to locate the boat and inform Mr. Beck by mail the price of the boat. He, by return mail, sent a letter back with his check to the boat company.

Mr. KENNEDY. Were you able to get a certain percentage off of that boat?

Mr. FRUEHAUF. I believe 20 percent, Mr. Kennedy.

Mr. KENNEDY. You were able to get that for Mr. Beck?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. Then did you also arrange to have the boat shipped to him in Seattle?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. The boat was being purchased for his son, Dave Beck, Jr.?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. So you were able to get the boat at a discount and then you made arrangements to ship the boat to Seattle?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. That was on a trailer that you had going west at that time?

Mr. FRUEHAUF. We had a trailer going out, a pilot model going out to a customer in that area, and we went out of our way to the extent of approximately \$115 to pick up the boat.

(At this point, Senator McNamara entered the hearing room.)

Mr. KENNEDY. But it did not cost you anything to ship the boat?

Mr. FRUEHAUF. The trailer was going out empty anyway, Mr. Kennedy.

Mr. KENNEDY. Do you perform those services for people, when you have trailers going empty in any direction? Do you allow people to put things in them for free?

Mr. FRUEHAUF. Occasionally.

Mr. KENNEDY. What arrangements do you have to make with the Fruehauf Trailer Co. to get that done?

Mr. FRUEHAUF. Pardon?

Mr. KENNEDY. What arrangements do you have to make with the Fruehauf Trailer Co. to have your goods shipped free? It is a favor, is it?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. Did you perform any other favors for Mr. Dave Beck?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. What were they?

Mr. FRUEHAUF. We let him use an automobile and a chauffeur on occasions.

Mr. KENNEDY. Where was that?

Mr. FRUEHAUF. In Paris, France.

Mr. KENNEDY. Did he make the request of you?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. He requested that you put your automobile and chauffeur at his disposal?

Mr. FRUEHAUF. Right.

Mr. KENNEDY. And were there any other favors that he requested of you?

Mr. FRUEHAUF. I would say in the period of time that I knew Mr. Beck, he requested the use of our airplane on probably 3 or 4 occasions.

Mr. KENNEDY. So the \$200,000 and then the money that was raised for the toy trucks, and getting the boat and shipping it to the west coast, and then getting the chauffeur and the car in Paris, then using the airplane. Were there any other favors that he requested of you?

Mr. FRUEHAUF. Yes. I think at one time he wrote me and asked me to see if we could find somebody who could fabricate an enclosure for his swimming pool. We endeavored to find somebody who could do such a job, and we were unsuccessful.

Mr. KENNEDY. So that never went to fruition?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Any other favors?

Mr. FRUEHAUF. I think at one time he wrote my administrative assistant to see if he could procure a transmission for him, and he found a place where he could and wrote him and told him the price, and that was the end of that.

Mr. KENNEDY. Anything else?

Mr. FRUEHAUF. Nothing that I can recall right this minute.

Mr. KENNEDY. What about the chauffeur and the car for his niece and several of her companions?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Did you arrange for that?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Was that, again, a request by Mr. Dave Beck?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And they toured Europe for approximately 6 weeks, is that right?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And the chauffeur and the car were put at their disposal by your company?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And no charge was made to Mr. Dave Beck for that?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Mr. Chairman, we have here a group of letters in connection with that, in connection with Mr. Fruehauf, the original request that was made of Mr. Fruehauf by Mr. Dave Beck. I think they tell the complete picture. Perhaps we can make them an exhibit for reference.

The CHAIRMAN. Will you identify the documents that I hand to you, please examine them, and see if they are photostatic copies of the original letters and copies in connection with this transaction of providing for a chauffeur, a car, and so forth, to tour Europe?

(Documents handed to witness.)

(The witness conferred with his counsel.)

Mr. FRUEHAUF. Yes; I do.

The CHAIRMAN. That series of exhibits of correspondence will be made exhibit 183 for reference.

(The documents referred to were marked Exhibit No. 183, for reference and may be found in the files of the select committee.)

Mr. KENNEDY. The salary of the chauffeur was paid at that time by the Fruehauf Trailer Co.?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. You also had an automobile that you put at their disposal, is that right?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Above and beyond that, what do you estimate the expenses of the 6 weeks' tour of these girls to have been?

Mr. FRUEHAUF. Well, I can't give you any details on that, because—

Mr. KENNEDY. Let me ask you if it was approximately between sixteen and eighteen hundred dollars.

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. For the hotel, for the chauffeur, and for his meals and for the gas?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. That does not include his salary or the use of the car, or renting the car?

Mr. FRUEHAUF. Well, there, again, I would have to get the full details from Paris.

Mr. KENNEDY. Would you consult so we can get the full details right now? Would you consult with your attorney?

(The witness conferred with his counsel.)

Mr. FRUEHAUF. We have written to our Paris office for the full details on these trips, and we will be glad to give you that information.

Mr. KENNEDY. You do not have it at the present time?

Mr. FRUEHAUF. No, sir.

The CHAIRMAN. When you get the details, will you submit them to the committee with a statement or a covering letter?

Mr. FRUEHAUF. Yes, sir.

The CHAIRMAN. And do you now swear that you will submit them accurately? They at that time will be made exhibit 184 when received.

Mr. FRUEHAUF. Yes, sir.

The CHAIRMAN. They will be exhibit 184, when received for reference.

(The documents referred to will be marked "Exhibit No. 184," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. We know, at least, do we not, that the figure was sixteen to eighteen hundred dollars?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. We know those expenses at the present time?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Mr. Chairman, in connection with that, we know also that these girls, Miss Gessert, Miss Tobert, Miss Irving, and Miss Smith had their transportation from Paris to London, totaling \$118.62, paid for by the Teamsters Union.

The CHAIRMAN. Do you recall that?

Paid for by whom?

Mr. KENNEDY. At Mr. Dave Beck's request, it was paid for by the teamsters union, out of teamsters funds.

The CHAIRMAN. This witness would not know about that.

Mr. KENNEDY. No, he does not.

The CHAIRMAN. Then that can be introduced later.

Mr. KENNEDY. Was there another request that was made of you by Mr. Beck, namely to provide some refrigerator trailers?

Mr. FRUEHAUF. Yes. I don't recall when it was, but I think it was in 1955, for the Sunset Distributing Co.

Mr. KENNEDY. Does he have an interest in the Sunset Distributing Co.?

Mr. FRUEHAUF. I understand his son has an interest in it. They were having some difficulty with their refrigeration plants, and he requested the loan of four insulated trailers for a matter of a few weeks.

Mr. KENNEDY. Were those arrangements made?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. Mr. Chairman, we have the exchange of telegrams and letters in connection with those four trailers.

The Sunset Distributing Co. distributes beer?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. Did you understand that Mr. Beck's son, Dave Beck, Jr., was interested in that company?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. And they wanted these four trailers to put their beer in at the time?

Mr. FRUEHAUF. Yes, sir.

The CHAIRMAN. Was any charge made for it?

Mr. FRUEHAUF. No, sir, Mr. Chairman.

The CHAIRMAN. The Chair hands you what purports to be a photostatic copy of a telegram addressed to you and also a photostatic copy



of a letter addressed to you by Mr. Dave Beck. The telegram seems to be from Mr. F. V. Bistrum. Will you examine those photostatic copies and see if you identify them as such?

(Documents handed to witness.)

(The witness conferred with his counsel.)

Mr. FRUEHAUF. I do.

The CHAIRMAN. They will be made exhibits 185 and 185A, respectively.

(The documents referred to were marked "Exhibits Nos. 185 and 185A," for reference, and will be found in the appendix on pp. 2531-2532.)

Mr. KENNEDY. Mr. Fruehauf, after the loan was made by the Teamsters Union to you, the loan for \$1,500,000, Mr. Dave Beck then came to you and asked for a loan of \$200,000?

Mr. FRUEHAUF. Correct.

Mr. KENNEDY. The second thing was he came to you and asked you to put up some money for the toy trucks?

Mr. FRUEHAUF. Correct.

Mr. KENNEDY. And you put up \$5,000 and arranged for the Associated Transport Co. to put up \$9,000 or at least \$5,000?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. And he made arrangements for you to purchase a boat, which you did for 25 percent off?

Mr. FRUEHAUF. Twenty.

The CHAIRMAN. The letter shows 25 percent off. You better get that straight.

Mr. FRUEHAUF. I didn't handle the matter, Mr. Chairman. It was my impression that it was 20 percent.

The CHAIRMAN. It was another type of boat that you did wire him he could get 25 percent off, I think. Apparently this was invoiced at 25 percent off the list price.

Mr. KENNEDY. Then you made the arrangements for the boat to go west, on one of your trailers?

Mr. FRUEHAUF. Yes.

The CHAIRMAN. That boat weighed 3,500 pounds, did it not?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. That was for the son, Dave Beck, Jr.?

Mr. FRUEHAUF. Yes.

The CHAIRMAN. What would the tariff be on a boat like that?

Mr. FRUEHAUF. I made a check on that, Mr. Chairman.

The CHAIRMAN. Can you give us some estimate?

Mr. FRUEHAUF. Yes. If you ship a boat like that by rail it would cost in the neighborhood of \$500.

The CHAIRMAN. About \$500 worth of service besides the discount that went into that transaction?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. So it was the \$200,000 loan, the toy truck deal, getting the boat and then shipping it to Seattle, the use of your plane on 3 or 4 occasions, when Mr. Beck asked for it, the use of the chauffeur and car in Paris when he was there on several occasions, the use of the chauffeur and car for 6 weeks when these 3 girls were in Europe, touring Europe, the use of the 4 trailers in Seattle so that his son could have the beer stored in the 4 refrigerated trailers, is that right?

Mr. FRUEHAUF. Correct.

Mr. KENNEDY. Is there anything else? There are some six requests that he made.

Mr. FRUEHAUF. Not that I can recall.

Mr. KENNEDY. Have you ever made any requests of him?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. Did you ask him to intervene in any labor difficulties that you have had?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. There have been occasions that you have attempted to get the Teamsters Union as the organizational unit rather than some other union, I understand. Have you ever attempted to get the teamsters into your plants rather than any other union?

Mr. FRUEHAUF. No. We have no teamster employees in our plants.

Mr. KENNEDY. This is a memorandum dated August 15, 1955, signed by Arthur Condon, memorandum for the files, re Fruehauf. It reads:

Mr. Barker telephoned me that he and Roy Fruehauf felt that the Great Plains plant should be disposed of unless the labor contract can be made with the teamsters instead of with the CIO. Fruehauf has an offer for the plant. At his request, I plan to go to Detroit some day this week, probably Wednesday, Thursday, or Friday, to confer with him, Rushmer, and with other Fruehauf officials, as to what can be done to get the teamsters in.

What does that mean?

Mr. FRUEHAUF. I probably think he is probably referring to the drivers at that plant. All the drivers at our other plant belong to the teamsters. It certainly would cause utter confusion to have drivers of another union, at one plant, because these drivers move about transferring trailers from one branch and plant to the other.

Mr. KENNEDY. There is a memorandum here also dated August 11, 1955, re Fruehauf, and again signed by Arthur Condon:

This morning I gave Roy Fruehauf the following information on the telephone: Former Ice Commissioner Knudson told me that a New England trucker said that a letter is being circulated among the truckers in that area criticizing Fruehauf, Beck, and Seymour, on the ground that the strike settlement was the result of a deal engineered by these men. The letter was said to be most critical of Fruehauf, claiming that these tactics give Fruehauf a hold over small truckers. I suggest that at the lunch today in Chicago, the fact be stressed that the ACT Committee does not function in the realm of labor disputes, and that Seymour and the other truckers fight even harder against Beck in labor negotiations than do other truckers.

Have you any explanation for that?

Mr. FRUEHAUF. I have heard of that letter, but I have never seen it.

Mr. KENNEDY. Was there any deal arranged between you?

Mr. FRUEHAUF. None whatever.

Mr. KENNEDY. Mr. Chairman, in connection with that, at least at the present time, we have found no evidence on this matter. I thought I should read this into the record, the memorandum so that he may make any comment.

The CHAIRMAN. Is there anything further?

Senator KENNEDY. At the time the loan was made to Mr. Beck, were you still involved in a dispute with Mr. Kolowich?

Mr. FRUEHAUF. Yes, sir; Senator.

Senator KENNEDY. So that, actually, the reason why it went through the Brown Equipment Co. was that it would have been bad for you, I suppose, to have made a direct loan to Mr. Beck after you received

the \$1½ million loan from the teamsters, which was of great help to you in maintaining your position in the company in the competition with Mr. Kolowich.

Mr. FRUEHAUF. I think I ought to explain this.

Mr. Kolowich's company that bought the large block of stock was the Detroit & Cleveland Navigation Co. Under accumulated voting, there was no way we could prevent him from getting on our board.

So we elected to buy into his company, the Detroit & Cleveland Navigation Co. That proxy fight took place on April 20 or 22 of 1953 and we were successful in taking over his company.

On May 2 or 3, we had our own stockholders meeting in Fruehauf Trailer Co., and we were also successful there.

Senator KENNEDY. Was he on your board at the time the loan was made to Mr. Beck?

Mr. FRUEHAUF. No. He never got on our board.

Senator KENNEDY. Was there any difficulty then, about minority stockholders?

Mr. FRUEHAUF. No, none whatever, because when we took over Detroit & Cleveland Navigation, that prohibited him from voting the block of stock in that company.

Senator KENNEDY. I am still not clear as to why there was this rather elaborate mechanism set up for the loan to Mr. Beck. Not only did you not give him the loan direct, though you did put up a large percent of the money, but even when the Brown Co. gave him the loan they did not list it to Mr. Beck directly, but listed it to the transport committee, so Mr. Beck's name was never involved.

Why this rather elaborate procedure?

Mr. FRUEHAUF. I don't know about what went on in Brown Equipment and associates.

Senator KENNEDY. I just want to get it on the record as to why you did not loan Mr. Beck the money direct, but why you had to go through Mr. Seymour and Mr. Brown. Then, I would like to understand why when they did it, they did not put Mr. Beck's name in but said they loaned it to the transport committee.

Mr. FRUEHAUF. I don't know.

Senator KENNEDY. What is the reason?

Mr. FRUEHAUF. Well, our reason was that Fruehauf Trailer Co. had no business transactions with Mr. Beck and we did not deem it advisable to loan the money directly to him.

Senator KENNEDY. I do not feel that that is a completely satisfactory explanation, considering that you did then loan \$175,000 to the Brown Co.

Mr. FRUEHAUF. But Brown was a substantial company and had an excellent credit rating.

Senator KENNEDY. What security did they give you for that \$175,000?

Mr. FRUEHAUF. A note.

Senator KENNEDY. Signed by whom?

Mr. FRUEHAUF. By the president of Brown.

Senator KENNEDY. And Mr. Seymour?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. He gave you his personal note for \$175,000?

Mr. FRUEHAUF. No; the company's note.

Senator KENNEDY. They gave you a company note?

Mr. FRUEHAUF. Yes.

Senator KENNEDY. But the only collateral that Mr. Seymour's company had for the loan to Mr. Beck was Mr. Beck's personal note?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. In other words, you switched it from your company and your shoulders to Mr. Seymour's shoulders?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. What is your relationship with Mr. Seymour? Is he a customer of yours or are you a customer of his?

Mr. FRUEHAUF. He is a large customer of ours.

Senator KENNEDY. What he buys from you he can buy from alternate sources, can he not?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. Why was he willing to do this extensive favor for you? It was extensive. Why should he put up his own note to guarantee your note?

Mr. FRUEHAUF. The only thing I can think, Mr. Senator, is that the note was to go to the Manufacturers Trust Co. and this was just an accommodation until such time as Mr. Seymour could get the note transferred over to the Manufacturers Trust.

The CHAIRMAN. The note was actually signed by Mr. Norton, was it not, instead of by Mr. Seymour?

Mr. FRUEHAUF. I could not answer that, Mr. Chairman. I know it was signed by the president of Brown Equipment.

The CHAIRMAN. The photostatic copy is here, if you wish to see it, and it shows it was signed by Mr. R. T. Norton, treasurer. I think you were mistaken, but I did not want to leave the record that way. You may look at the note and correct your testimony if you desire.

(A document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. You were mistaken about it being signed by the president?

Mr. FRUEHAUF. Yes.

The CHAIRMAN. It was signed by Mr. Norton?

Mr. FRUEHAUF. Yes, sir.

The CHAIRMAN. That may be made exhibit No. 186 for reference.

(The document referred to was marked "Exhibit No. 186" for reference, and will be found in the appendix on p. 2533.)

Senator McNAMARA. I would like to ask you, Mr. Fruehauf, how long has this association or friendship with Mr. Beck prevailed? Is it a business association, or just a friendship?

Mr. FRUEHAUF. I have had no social activities with Mr. Beck. All of my relationships with him have been through the Independent Advisory Committee.

Senator McNAMARA. The what?

Mr. FRUEHAUF. The Independent Advisory Committee to the Trucking Industry.

Senator McNAMARA. And that is a nonprofit organization?

Mr. FRUEHAUF. Yes.

Senator McNAMARA. It is not social or it is not business?

Mr. FRUEHAUF. Well, it is a trade organization.

Senator McNAMARA. What is that?

Mr. FRUEHAUF. It is a trade organization on behalf of the trucking industry.

Senator McNAMARA. Then, it is a business association, is that not right?

Mr. FRUEHAUF. Yes.

Senator McNAMARA. How long has this association been in existence?

Mr. FRUEHAUF. Since 1950.

Senator McNAMARA. About 1950?

Mr. FRUEHAUF. Yes.

Senator McNAMARA. Is that about the time you moved the predominance of your operation out of Detroit?

Mr. FRUEHAUF. No.

Senator McNAMARA. When did you move the predominance of your operations out of Detroit to the other town? It was about that time, was it not?

Mr. FRUEHAUF. No. I would say, Senator, that it dates back to 1945 or 1946.

Senator McNAMARA. And it was subsequent to your moving out of Detroit, the major portion of your operations?

Mr. FRUEHAUF. Yes.

Senator McNAMARA. Thank you.

(At this point, Senator Kennedy withdrew from the hearing room.)

The CHAIRMAN. I would like to ask you this: In addition to the \$200,000 loan, and the number of favors you did, what would you say was their value in thousands of dollars, which you did for Mr. Beck, including the boat, the airplane trips, the paying of the girls' expenses, loaning him the 4 or 6 refrigerators and so forth?

What would you say the money value of those favors was?

(At this point, Senator Kennedy entered the hearing room.)

Mr. FRUEHAUF. I would have to recount that a little bit, Mr. Chairman.

The CHAIRMAN. It would be several thousand dollars, would it not?

Mr. FRUEHAUF. Yes.

The CHAIRMAN. If you recount it, include that in your letter when you give us the other information, will you, what you regard as the value of the services and favors that you did, in dollars, the dollar value of the favors.

Mr. FRUEHAUF. Yes, sir.

(At this point, Senator Kennedy withdrew from the hearing room.)

Mr. KENNEDY. Other than what we have mentioned this afternoon, were there any other payments directly or indirectly to Mr. Dave Beck?

Mr. FRUEHAUF. Not to my knowledge.

Mr. KENNEDY. You would know if there had been, I expect?

Mr. FRUEHAUF. Yes.

Mr. KENNEDY. There have not been?

Let me ask you again. Have there been any other moneys or favors, any other moneys or gifts given to Mr. Beck, directly by you or any of your associates?

Mr. FRUEHAUF. No, sir.

Mr. KENNEDY. That is, other than the ones we have mentioned here today?

Mr. FRUEHAUF. No, sir.

The CHAIRMAN. Did you know at the time you were making this \$5,000 consideration, and getting the consideration from Mr. Seymour, that this money was actually a consideration to Nathan Shefferman, Dave Beck, Jr., and Norman Gessert?

Did you know that it was a consideration to them so that they could profit out of the transaction?

Mr. FRUEHAUF. No, sir.

The CHAIRMAN. You never heard of that?

Mr. FRUEHAUF. No, sir.

The CHAIRMAN. When did you first—

Mr. FRUEHAUF. I learned of it in the past week or so.

The CHAIRMAN. You learned of it since these hearings?

Mr. FRUEHAUF. Yes.

The CHAIRMAN. You did not know at the time?

Mr. FRUEHAUF. No, sir. I just presumed it was some promotion company that the union had hired.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. How long have you known Mr. Beck?

Mr. FRUEHAUF. Since 1950, Senator.

Senator CURTIS. How often would you see him since that time, how frequently?

Mr. FRUEHAUF. We would have meetings of the Independent Advisory Committee approximately once a month, sometimes oftener.

Senator CURTIS. And that was created in what year?

Mr. FRUEHAUF. In 1950.

Senator CURTIS. And is it still in operation?

Mr. FRUEHAUF. Yes, sir.

Senator CURTIS. Just why did you grant all of these favors to Mr. Beck?

Mr. FRUEHAUF. Well, I just considered it in the normal course of business. Mr. Beck had granted a considerable favor in saving our company.

Senator CURTIS. He had personally?

Mr. FRUEHAUF. No, sir; the union.

(At this point, Senator Kennedy entered the hearing room.)

Senator CURTIS. You say it all stemmed from that?

Mr. FRUEHAUF. Yes, sir.

Senator CURTIS. Do you know why Mr. Seymour extended all these favors to Mr. Beck?

Mr. FRUEHAUF. Well, he was well acquainted with him also, through the Independent Advisory Committee.

Senator CURTIS. He said that he made the loan as a favor to you. He is one of your biggest customers, is he not?

Mr. FRUEHAUF. Yes. I think that is a fair statement.

Senator CURTIS. You believe that that was his motive?

Mr. FRUEHAUF. Yes, sir.

Senator CURTIS. That is all.

The CHAIRMAN. The Chair hands you a series of seven memorandums taken from the files of Mr. Landa. I will ask you to examine them. They are all, I believe, addressed to you. See if you identify them.

(Documents handed to the witness.)

(The witness conferred with his counsel.)

Mr. FRUEHAUF. Mr. Chairman, these are not addressed to me. These are memorandums of ADC—

The CHAIRMAN. I may be mistaken about that. Do you identify them? Can you verify them as being photostatic copies of memorandums that came to your attention?

Mr. FRUEHAUF. I could not verify anything that was a memorandum for the file.

The CHAIRMAN. All right. I am sorry, I thought you were familiar with them. You cannot identify them, so you may return them.

Is there anything further?

Senator KENNEDY. These files which say "Re Fruehauf," you don't know anything about these, but these just involve a strike involving the Fruehauf Co., is that correct?

Mr. FRUEHAUF. I don't know what he is referring to.

Senator KENNEDY. Was William Davis, Sr., vice president of Associated Transport?

Mr. FRUEHAUF. I believe so.

Senator KENNEDY. It says "Memorandum to file," and it says "Fruehauf strike." Were you involved in a strike in New England?

Mr. FRUEHAUF. No, sir.

Senator KENNEDY. Do you know why your name is up here?

Mr. FRUEHAUF. The only extent we were involved in is when the truckers are on strike, we are unable to sell any merchandise.

The CHAIRMAN. As I understand it, you sell trucks, and when they are on strike, they do not buy trucks?

Mr. FRUEHAUF. They do not pay for the ones they have, either, Senator.

Senator KENNEDY. You don't know who A. D. C. is? Is that Arthur Condon?

Mr. FRUEHAUF. I would presume that is his initials.

Senator KENNEDY. And he is a lawyer for the Associated Transport Association?

Mr. FRUEHAUF. He is legal counsel for the Independent Advisory Committee.

Senator KENNEDY. You are a member of that?

Mr. FRUEHAUF. Yes.

Senator KENNEDY. We have one of these things from Arthur Condon, a letter to Wallace Barker. It says:

I enclose the correspondence relating to Fruehauf's labor situation at Albany which Mr. Einar Mohn gave to me, and which I discussed with you on the phone this morning.

Obviously, Arthur Condon, in this series of memorandums, was working for you and for the Independent Transport Association, is that correct?

Mr. FRUEHAUF. I don't know what you are referring to, Senator. If you would tell me something about the letter, I would refresh my recollection.

Senator KENNEDY. What is Mr. Landa's connection with you?

Mr. FRUEHAUF. He has been our counsel for a good many years.

Mr. KENNEDY. He is also associated with your company?

Mr. FRUEHAUF. Yes.

Senator KENNEDY. All of these things say "A copy to Mr. Landa," so they must involve your company to some degree. They all say, "Re

Fruehauf strike," and then they also have a copy showing Mr. Landa is connected.

Mr. FRUEHAUF. I would suggest that you ask Mr. Landa that question. I think it has been a policy of his firm with various lawyers that he has working for him, to send him copies of all correspondence.

Mr. KENNEDY. There was an offer, was there not, in the end of 1953, on this \$1,500,000 loan, there was an offer, was there not, by Mr. Landa to give certain profits or share certain profits with Mr. Beck?

Mr. FRUEHAUF. Yes. I learned about that 4 or 5 months after we negotiated the loan.

Mr. KENNEDY. That arrangement was made initially between Mr. Simon Wampold and Mr. Landa, and you did not know about it at the time?

Mr. FRUEHAUF. No, sir; I had no knowledge of it.

Mr. KENNEDY. Mr. Landa was going to purchase 40 percent of the stock from the foundation and he was going to split the profits with Mr. Beck, or he made an offer and that offer was turned down by Mr. Dave Beck?

Mr. FRUEHAUF. Yes, sir.

Mr. KENNEDY. You don't know why he turned it down?

Mr. FRUEHAUF. No, sir.

Senator KENNEDY. Mr. Fruehauf, it seems to me the fact that the teamsters loaned you this \$1,500,000, that you then were the means by which Mr. Beck received \$200,000, the whole financial transaction that was involved, received it personally to pay personal expenses, throws a cloud over him and places him, it seems to me, in a very critical relationship in relation to his responsibility to his members. You would agree with that?

Mr. FRUEHAUF. Would you rephrase the question?

Senator KENNEDY. You consider that Mr. Beck acted properly when the teamsters loaned you \$1,500,000 for him then to come back to you and seek a loan of \$200,000 when he represented a number of your employees in bargaining relationships with you, and the people you were doing business with?

Mr. FRUEHAUF. The number of employees we had in the teamsters are very much in minority in relation to the total.

Senator KENNEDY. It is the dominant union of your customers, is it not?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. And you arranged for the loan to be gotten through a group who did—

Mr. FRUEHAUF. Of course, at that point, I would like to remind the Senators, there is over 7 million drivers in the United States, and I don't know exactly but I have heard it said that the teamsters union composes some one million four hundred thousand or five hundred thousand people.

Senator KENNEDY. You have to admit that the whole loan procedure was very unusual. You were doing Mr. Beck a considerable favor as was Mr. Seymour in arranging it the way you did. That is a fair statement, is it not?

Mr. FRUEHAUF. That is right.



Senator KENNEDY. Do you think it is proper for Mr. Beck, because he was the means by which you received this \$1,500,000 of teamsters' money, and because he is the bargaining representative of a great many teamsters who work for Mr. Seymour's company and many of the related companies, work for many of your best customers, do you feel it is proper for him, and I am asking you this as a general question, is it proper for a trade union leader in that position to ask for that sort of treatment from you, for special financial favors? Do you feel that that is good practice?

Mr. FRUEHAUF. Senator Kennedy, if we can roll the curtain back 3 or 4 years, hindsight is always better than foresight.

Senator KENNEDY. I know you regret this particular deal, but what I am wondering about is whether you think the procedure, even with the sight you had at that time, whether you think that is a proper relationship between business and labor leaders?

Mr. FRUEHAUF. Well, I——

Senator KENNEDY. In other words, do you think that this committee should consider recommending that there be limitations placed on the rights of labor leaders to carry on personal financial dealings with companies which their union has loaned money or companies where they are the bargaining agents for the employees in that company?

Mr. FRUEHAUF. Well, I would have no opinion on that.

Senator KENNEDY. You don't think based on your experience that it would be well to consider that?

Mr. FRUEHAUF. I didn't hear what you said.

Senator KENNEDY. Don't you think, based on your experience, that it would be well if some limitation be placed on the rights of a trade union leader to have personal financial dealings from which he benefits personally with a company for which he has arranged a loan from his union's treasury fund?

Mr. FRUEHAUF. Well, I don't see where the union was injured, Mr. Senator.

Senator KENNEDY. Where the union was injured?

Mr. FRUEHAUF. Yes.

Senator KENNEDY. No. I will agree that the union was not injured. The question really is whether it was a proper relation, whether the reason you gave Mr. Beck the money was because he had invested teamsters' money in your company. You consider that that doesn't injure the teamsters?

Mr. FRUEHAUF. Well, the teamsters received a very good return on their money, and they got all of it back.

Senator KENNEDY. If a bank director arranges money, a loan, from his bank to a company, he is not then supposed to arrange a personal financial dealing involving \$200,000 with a company which has been the beneficiary of his bank's action, particularly if the bank's loan was as a result of his recommendation. You would call that improper, would you not, and so would the law?

Mr. FRUEHAUF. Yes, sir.

Senator KENNEDY. Is that not just what we have, a comparable case? Don't you think his responsibility to the union funds is as great as a bank director's is to the funds in the bank?

Mr. FRUEHAUF. Well, I repeat that his request was made months after the loan was negotiated, and the union had ample collateral. and

they were getting a handsome return based on what they had previously been getting on their investments.

Senator KENNEDY. But you stated yourself, Mr. Fruehauf, that you gave the loan in appreciation to Mr. Beck, I assume for arranging the first loan to you?

Mr. FRUEHAUF. That is correct.

Senator KENNEDY. And you subsequently did six other favors? I just think Mr. Beck's position should be that of a bank director or anyone else in the fiduciary position or a trustee, that he should not be in a position to receive loans in appreciation for loaning the union treasury money. I would not think it would be proper for him.

Mr. FRUEHAUF. Well, I regarded the two things as two separate items.

Senator KENNEDY. The only thing that causes me a little concern is that some of these business people who come in here see nothing wrong.

Senator Goldwater suggested there was nothing wrong, that they come out and do these things because the gun is at their heads. They don't seem to see anything wrong with these practices, where Mr. Beck has been irresponsible for the union's money, and he has used his position as chief bargainer with these companies. He sees nothing wrong with that. We understand the pressures you were under, but I do not understand your coming today and saying there was nothing wrong with it.

Mr. FRUEHAUF. I repeat the two deals were distinctly separate, Mr. Senator. The union was amply protected, with a handsome interest rate.

Senator KENNEDY. Mr. Fruehauf, you testified that they weren't separate, because the money was given in appreciation, and I will use your words, in appreciation to Mr. Beck; so they were not separate.

Mr. FRUEHAUF. The money that was loaned to the Fruehauf Foundation was to buy stock in the Fruehauf Trailer Co. The loan to Mr. Beck had nothing to do with the first loan. But, naturally, there had to be an element of appreciation in there for a man that came to our rescue when our corporate existence was in peril.

Senator KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Any further questions?

If not, thank you very much, Mr. Fruehauf.

The committee will stand in recess until 2 o'clock tomorrow.

(Members present at the taking of the recess were Senators McClellan, Kennedy, McNamara, and Curtis.)

(Thereupon, at 4:55 p. m., the hearing recessed, to reconvene at 2 p. m., Tuesday, May 14, 1957.)

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, MAY 14, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES,  
IN THE LABOR OR MANAGEMENT FIELD.  
*Washington, D. C.*

The select committee met at 2 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Democrat, North Carolina; Senator Pat McNamara, Democrat, Michigan; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Alderman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were Senators McClellan, Ives, Ervin, McNamara, Goldwater, and Curtis.)

The CHAIRMAN. Mr. Kennedy, call the next witness.

Mr. KENNEDY. Mr. Alfons B. Landa, Mr. Chairman.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LANDA. I do, sir.

## TESTIMONY OF ALFONS B. LANDA, ACCOMPANIED BY HIS COUNSEL, CLARK M. CLIFFORD

The CHAIRMAN. Will you state your name, your place of residence, and your profession or occupation, please?

Mr. LANDA. My name is Alfons Landa, and my residence is 84 Kalorama Circle. My office is 1000 Vermont Avenue, and I am an attorney at law.

The CHAIRMAN. Thank you very much. You also have counsel present, do you?

Mr. LANDA. Yes, I do.

The CHAIRMAN. Counsel will state his name, for the record, please.

Mr. CLIFFORD. My name is Clark M. Clifford, and I am an attorney in Washington, D. C., at 1523 L Street, and I am a member of the bar of the District of Columbia.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Landa, you are connected with the Fruehauf Trailer Co.?

Mr. LANDA. Yes, I am a director of the Fruehauf Trailer Co.

Mr. KENNEDY. How long have you been connected with them?

Mr. LANDA. I think my relationship began in the early part of 1940.

Mr. KENNEDY. In 1940?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. You are a director in that company since that time?

Mr. LANDA. I have been a director, I believe, since the early part of 1950.

Mr. KENNEDY. What was your connection in 1940, and what did you do for them?

Mr. LANDA. I was Washington counsel.

Mr. KENNEDY. And you became a director in 1950?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Did you own some stock in the Fruehauf Trailer Co.?

Mr. LANDA. Yes; I own substantial amounts of stock.

Mr. KENNEDY. Was that purchased around 1950?

Mr. LANDA. Well, it was purchased at various times. I purchased some in 1950, and I purchased a great deal before that, and some of which I sold or transferred. I purchased a great deal in 1953.

Mr. KENNEDY. That is what I am leading up to: At the time the loan was made from the teamsters union, what percentage of the stock did you own?

Mr. LANDA. Percentage-wise, I would say, wasn't very great, but it was a substantial block of stock. I would say I owned in the neighborhood of 10,000 or 12,000 shares at the time, in 1953.

Mr. KENNEDY. How many shares were outstanding?

Mr. LANDA. About 1.2 million or 1.3 million, I believe.

Mr. KENNEDY. Were you an officer in the company at the time?

Mr. LANDA. No, sir.

Mr. KENNEDY. You were not?

Mr. LANDA. No, sir.

Mr. KENNEDY. Now, did you have anything to do with the procuring of the loan from the teamsters union of \$1.5 million?

Mr. LANDA. Mr. Fruehauf advised me that Mr. Beck had volunteered to help him in connection with the proxy fight. He advised me that he had asked Mr. Beck for a loan and he asked me to accompany him to Mr. Beck's office to discuss that loan with Mr. Beck.

Mr. KENNEDY. You had not heard of it prior to that time?

Mr. LANDA. Well, I only heard of it after Mr. Fruehauf had talked with Mr. Beck, and Mr. Beck had stated to Mr. Fruehauf that if he had known of Mr. Fruehauf's earlier troubles he might be able to help him. Mr. Fruehauf and I were attempting to get financial assistance in the proxy fight from New York bankers.

Mr. KENNEDY. At that time were you acting as the attorney for the Fruehauf Trailer Co. or acting as a stockholder or in what capacity?

Mr. LANDA. Well, I was acting as attorney for the company, and I was acting in protection of my own interests.

Mr. KENNEDY. So you had a meeting with Mr. Beck at the teamsters headquarters?

Mr. LANDA. That is correct.

Mr. KENNEDY. And the arrangements were made at that time for the loan of \$1.5 million?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Now, did you take any further part in that loan?

Mr. LANDA. I became the endorser, the personal endorser of that loan. I endorsed it jointly and severally with Mr. Fruehauf.

Mr. KENNEDY. You endorsed it jointly and severally with Mr. Fruehauf?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Was this because of your interest or your stock in the company, or again as the attorney for the company?

Mr. LANDA. It was because of my interest in the contest, and my protection of my own assets as well.

Mr. KENNEDY. Which was the 12,000 shares of stock. That is approximately how much you had?

Mr. LANDA. About a quarter of a million dollars worth, I think.

Mr. KENNEDY. Did you have anything to do with it beyond that, going on the note? Were there any arrangements made with you, by Mr. Fruehauf with you?

Mr. LANDA. Yes. Originally it wasn't contemplated when Mr. Fruehauf discussed the loan with me, that I would become an endorser and thus exposed to a million and a half liability. I stated to Mr. Fruehauf after the meeting that inasmuch as I was exposing myself to the loss, if there were any profits, I should share in the profits. We had a discussion and my best recollection is that I thought I should receive one-half as compensation for my endorsement, and we settled on 40 percent and we made the agreement whereby I became the equitable owner of 40 percent of the stock purchased when each purchase was consummated.

Mr. KENNEDY. To whom was the money to be loaned, \$1.5 million?

Mr. LANDA. The Fruehauf Foundation.

Mr. KENNEDY. That is a charitable foundation?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. The arrangements were made that you could purchase then 40 percent of the stock from the charitable foundation?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Are you an officer of the foundation?

Mr. LANDA. I am, sir.

Mr. KENNEDY. And Mr. Fruehauf is an officer of the foundation?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. So you and Mr. Fruehauf as trustees of the foundation made this arrangement with you as an individual?

Mr. LANDA. Correct.

Mr. KENNEDY. That you could buy or you could obtain 40 percent of the stock?

Mr. LANDA. That is correct.

Mr. KENNEDY. I would have thought from your explanation earlier that the reason you went on the note was because of your own financial

interest, namely a quarter of a million dollars. Why was it necessary to give you this added amount?

Mr. LANDA. When I exposed myself to \$1.5 million liability, I felt that if there was any profit I should certainly share in it.

(At this point, Senator Kennedy entered the hearing room.)

The CHAIRMAN. Let me clear up this. You had the right to purchase under your agreement 40 percent of all stock that was purchased by the company?

Mr. LANDA. By the foundation; that is correct; yes, sir.

The CHAIRMAN. By the foundation?

Mr. LANDA. Yes, sir.

The CHAIRMAN. You would pay, I assume, whatever the cost of it was?

Mr. LANDA. I paid exactly the same cost as the foundation paid.

The CHAIRMAN. Then, if there was any profit of course, your stock participated in the profit.

Mr. LANDA. That is right, and if there was any loss, the foundation would not have to bear that proportion of the loss.

The CHAIRMAN. Your stock would bear that proportion of the loss?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. You could purchase the stock at cost, is that correct?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. If your stock went down in price, then you would still have to buy it?

Mr. LANDA. Oh, yes, yes. I was under obligation to buy it, and I agreed to buy and the foundation agreed to sell.

Mr. KENNEDY. Was that a written agreement between you and the foundation?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. It was?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Was that made subsequently to the loan of the \$1.5 million?

Mr. LANDA. Practically simultaneously.

Mr. KENNEDY. But it was a written agreement?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Did you purchase the 40 percent of the stock?

Mr. LANDA. I purchased part of it. Some time in December I was advised by Mr. Fruehauf that the union had changed one of the terms of the loan. The union was now demanding all of the dividends. When the loan was originally granted, the dividends were to be paid to the foundation, and the foundation in turn would pay the interest. Now, eventually they demanded all of the dividends and that placed me in an untenable tax position.

I went to Mr. Fruehauf and pointed out to him that the terms of the original agreement having been changed, I could no longer purchase 40 percent of the stock being bought, and we now entered into another agreement, releasing me from buying the stock, and releasing the foundation from selling the stock.

The CHAIRMAN. Let me inquire. How did it happen that after the loan was made and the contract was consummated, then there was a change in the demand that not only the foundation pay interest but that it turn over all of the dividends and the earnings to the union.

Mr. LANDA. I never knew how that happened, Mr. Chairman, but I was advised by Roy Fruehauf that that was the final demand or rather that that was the demand, and we acceded to it.

The CHAIRMAN. That is a rather strange performance, is it not, you being a lawyer, after you once finalize a contract for a consideration? What was the consideration that caused this modification so that the dividends in addition to the interest would go to the union?

Mr. LANDA. They just demanded it.

The CHAIRMAN. It was just a demand consideration?

Mr. LANDA. Yes, sir, there was no consideration.

The CHAIRMAN. As a lawyer, do you believe that would be a valid consideration?

Mr. LANDA. No, sir.

The CHAIRMAN. Thank you.

Mr. KENNEDY. So you ceased to purchase this stock after December of 1953?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. How much had you purchased by that time?

Mr. LANDA. 14,000 shares.

Mr. KENNEDY. Under this agreement, that was about 20 percent of the stock?

Mr. LANDA. Yes, I would think it was a little bit more than 20. It was about 25 or 26 percent.

Mr. KENNEDY. Was this agreement terminated? This original agreement you had made with the foundation, that was terminated?

Mr. LANDA. Well, everything remained in effect that had been done but there was no longer any obligation on my part to continue to purchase as the foundation purchased.

Mr. KENNEDY. So that you as an officer for the foundation, and Mr. Roy Fruehauf as an officer of the foundation then signed a supplemental agreement with you as an individual, saying that you did not have to purchase the stock any further?

Mr. LANDA. That is correct.

Mr. KENNEDY. Do you consider as an attorney that this was a correct use of the foundation's money?

Mr. LANDA. I do, because there was considerable consideration passing to the foundation from me. I limited the foundation's losses by purchasing stock, and I consider the transaction was proper.

Mr. KENNEDY. It appears that a charitable foundation is being manipulated for the benefit of certain of the officers of the Fruehauf Trailer Co. Would that not be correct?

Mr. LANDA. I don't think so, sir.

Mr. KENNEDY. You made the original agreement that they would give up 40 percent of their stock to you, or sell it to you for cost, then the supplemental agreement was made several months later where they changed that, and altered it so there would only be 20 percent sold to you.

Don't you feel that was a manipulation of a charitable trust?

Mr. LANDA. No, sir.

Mr. KENNEDY. Did you make an offer to Mr. Dave Beck to give him 50 percent of the profits out of the stock that you purchased?

Mr. LANDA. I did make such an offer.

Mr. KENNEDY. Why would you make such an offer? Again as an attorney, why would you make such an offer to Mr. Dave Beck?

Mr. LANDA. These are my personal funds that I was offering him, and I was deeply grateful to Mr. Beck for the original offer that he had made to help in this situation. He had met Mr. Roy Fruehauf and stated to Mr. Fruehauf he would help him. He volunteered to help him. That was in my mind when I made the offer to give Mr. Beck a portion of the profits.

Mr. KENNEDY. What portion was that going to be?

Mr. LANDA. One-half after the payment of income taxes.

Mr. KENNEDY. Did you feel grateful to him yourself?

Mr. LANDA. Yes.

Mr. KENNEDY. I understood that you felt that you were making somewhat of a sacrifice by going on the note at all.

Mr. LANDA. Yes, I was making a sacrifice, but I still was grateful, because the fact was that my personal means were entirely involved in this proxy fight.

The CHAIRMAN. May I ask you another question. Your proposition was to give him one-half of your profits or earnings from the stock?

Mr. LANDA. One-half of the profits from the stock; yes.

The CHAIRMAN. What do you mean by "profits"? You mean the dividends?

Mr. LANDA. In the event that there was a profit, and there wasn't any certainty of profit.

The CHAIRMAN. I understand.

Mr. LANDA. There might have been a very substantial loss. For a long time the stock did have a loss on it.

The CHAIRMAN. What I am trying to determine, Mr. Landa, is whether your proposition or proposal to give him one-half of the profit meant one-half of the dividends as well as one-half of the sale of stock, if you made a profit on it.

Mr. LANDA. Any profit that resulted in the end of the transaction, whether from dividends or from capital gains.

The CHAIRMAN. In other words, it included both?

Mr. LANDA. Yes, sir.

The CHAIRMAN. Both dividends and profits from sales?

Mr. LANDA. Yes, sir.

The CHAIRMAN. Or appreciation in value?

Mr. LANDA. Yes, sir.

The CHAIRMAN. He rejected that offer?

Mr. LANDA. That offer was not made to Mr. Beck personally. I had a conversation with the union lawyer, Mr. Wampold, and I handed him a letter and subsequently Mr. Wampold was to present the letter to Mr. Beck.

Subsequently, I talked with Mr. Wampold and he told me that Mr. Beck did not wish to have the participation and I dismissed the matter from my mind.

The CHAIRMAN. Was it before or after that offer that you had made that Mr. Beck demanded and received all of the dividends?

Mr. LANDA. After that he wanted to receive all of the dividends from the stock.

The CHAIRMAN. So instead of accepting half, he chose to take all.

Mr. LANDA. Well, that isn't quite right. The dividends were now credited to our outstanding balance. They were credited first to



interest and then any addition over that was used to diminish the face of the loan.

The point that I was making was that I was constructive owner of those shares, and I had to pay income tax on them, and when I was not allowed to receive them the drain on my cash was too great to continue.

The CHAIRMAN. Having made a contract and making a loan and the interest rate being established, and the loan and transaction finally consummated, and then one party coming back and demanding it be revised without any consideration so that he will gain an additional advantage—that is a kind of a peculiar circumstance in transactions between good businessmen and competent business people, is it not?

Mr. LANDA. Well, it was not according to the terms of the contract, Mr. Chairman.

The CHAIRMAN. Was it coercion?

Mr. LANDA. I did not feel that it was.

The CHAIRMAN. You did not?

Mr. LANDA. No, sir; I just felt, as a matter of fact, I think it was his financial adviser that made the suggestion that we not be permitted to receive the dividends, and Mr. Beck thought that was a good idea.

The CHAIRMAN. He had some good financial advice, apparently. I think anyone could operate successfully on that kind of advice if they can get the other folks to recede and grant the request.

Senator McNAMARA. May I ask a question at this point? You indicated that you could buy the stock at the same price that the foundation bought it. Was that different from the market price?

Mr. LANDA. No; they were buying it on the market.

Senator McNAMARA. They were buying it on the market?

Mr. LANDA. Yes, sir.

Senator McNAMARA. There was no difference?

Mr. LANDA. No, sir. It was the daily market price.

Senator McNAMARA. Thank you.

Senator GOLDWATER. I asked Mr. Fruehauf this same question yesterday: Suppose you had denied Mr. Beck these privileges that he asked of the foundation fund. What would have happened?

Mr. LANDA. I don't know. I don't think anything would have happened. I don't know, though.

Senator GOLDWATER. Would he have withdrawn his money? Could he have withdrawn his money, having already loaned it on agreement?

Mr. LANDA. No; but we could have been involved in a controversy.

Senator GOLDWATER. What kind of a controversy?

Mr. LANDA. We never had possession of the securities.

Senator GOLDWATER. You never received from Mr. Beck the stock in Fruehauf?

Mr. LANDA. No, sir. They remained as collateral to the loan in a brokerage office chosen by Mr. Beck.

Senator GOLDWATER. And did the brokerage office exercise the proxy then?

Mr. LANDA. No; our agreement provided that we should exercise the proxy, and that was one of the things that we sought, was the right to exercise the proxies.

Senator GOLDWATER. You had what you wanted then, under the original agreement?

Mr. LANDA. That is correct, sir.

Senator GOLDWATER. When he came around, and wanted everything, suppose you had said "No."

Mr. LANDA. Well, I don't know.

Senator GOLDWATER. You are a lawyer and a businessman. What do you think Mr. Beck could have done to cause you trouble along the lines of the agreement or the contract?

Mr. LANDA. I don't think that there is any question that the courts would have sustained our agreement.

Senator GOLDWATER. How many people administer this foundation?

Mr. LANDA. Four or five, and I cannot remember exactly but 4 or 5 people.

Senator GOLDWATER. Were they all consulted on this change in mid-stream?

Mr. LANDA. Yes, sir.

Senator GOLDWATER. Now, I asked Mr. Fruehauf this question, too. I would like to get an answer to it because I think this is the truth. Was Mr. Beck not in a position to do damage other than immediate monetary damage to the company if you had refused?

Mr. LANDA. I cannot answer that, Senator.

Senator GOLDWATER. Were you afraid of strikes?

Mr. LANDA. No, I don't believe we were.

Senator GOLDWATER. You do not believe, but can you say "Yes" or "No," and take a secondary boycott situation?

Mr. LANDA. I did not think so.

Senator GOLDWATER. You would not have been afraid of strikes?

Mr. LANDA. No, sir.

Senator GOLDWATER. And you feel that the law was on your side in the contract?

Mr. LANDA. Yes, sir.

Senator GOLDWATER. What stranglehold does this fellow have over you people?

Mr. LANDA. I don't think that he has any stranglehold.

Senator GOLDWATER. He must if you as a lawyer admit that your contract is sound and you feel it will be upheld in the courts, and yet Mr. Beck comes in and he is able to get you to make not a minor change, but a rather substantial change in the contract that affects not only the company, but you.

What is this?

Mr. LANDA. I did not think the change, Senator, was of great enough importance to engage in a controversy and so I accepted it.

Senator GOLDWATER. For yourself, but I am talking about the foundation.

Mr. LANDA. Well, Mr. Fruehauf was president of the foundation, and he decided that it was desirable to accept it for the foundation and we accepted that.

We accepted the judgment of Mr. Fruehauf.

Senator GOLDWATER. You cannot speak for what Mr. Fruehauf feared had he not made a change?

Mr. LANDA. I cannot speak for him.

Senator GOLDWATER. It is a strange magic that man has.

The CHAIRMAN. I have just one further question. How much did it cost the foundation, this revised contract?

Mr. LANDA. How much did it cost the foundation?

The CHAIRMAN. Yes.

Mr. LANDA. I didn't hear you.

The CHAIRMAN. He demanded all of the dividends, and now how much did the foundation lose by reason of that?

Mr. LANDA. They did not lose anything, Senator. The only difference was that they didn't have the money at their disposal. The money was paid to the union who diminished the face of the note by the difference between the interest and the total amount of dividends received.

The CHAIRMAN. So it was applied on the note?

Mr. LANDA. It was applied on the note.

The CHAIRMAN. It was not, then, actually an additional "take"?

Mr. LANDA. No.

The CHAIRMAN. It was actually applied to the principle of the note?

Mr. LANDA. Yes.

The CHAIRMAN. You had not made that clear.

Mr. LANDA. I am sorry. I should have.

The CHAIRMAN. Maybe I just failed to understand it that way. But it actually cost the foundation nothing, and it simply accelerated the payment of the note?

Mr. LANDA. That is correct, sir.

Senator CURTIS. Mr. Landa, why did Mr. Beck make this loan of \$1.5 million?

Mr. LANDA. Well, Mr. Beck originally, and part of this is heresay, but Mr. Beck met with Mr. Fruehauf and he asked Mr. Fruehauf about a controversy that was receiving tremendous notice in the press at the time.

It was the attempt of a man to take over the Fruehauf Trailer Co.

Senator CURTIS. Was it your understanding that Mr. Beck made the loan to help the Fruehauf Co. or help Mr. Fruehauf?

Mr. LANDA. To help Mr. Fruehauf and the company, for this reason: The company had a finance company that financed the sale of trailers. The trucking industry is, according to the Small Business Administration, 95 percent small business.

They must necessarily have terms. This man, in every business that he had gone into, had disrupted the business. One of the things that he sought was domination of that finance company.

That was explained to Mr. Beck and that that could disrupt and have a great effect on the trucking industry itself if that finance company were disrupted.

Senator CURTIS. And Mr. Fruehauf feared anyone that could disrupt that finance company?

Mr. LANDA. Mr. Fruehauf feared Mr. Kolowich's effect on that finance company.

Senator CURTIS. Now, the facts are that Mr. Beck could have stopped that finance company in its tracks, could he not, by stopping all of the trucks in the country from moving?

Mr. LANDA. I think that is a correct assumption.

Senator CURTIS. You people were aware of that at the time you dealt with him, were you not?

Mr. LANDA. I don't think that that passed through my mind, Senator. We were looking for help in the then most active threat that the company had ever faced.

Senator CURTIS. But Mr. Beck was a volunteer in making this loan, and did it to help Mr. Fruehauf and the company?

Mr. LANDA. He did, sir.

Senator CURTIS. And it was never suggested that he was making it for the benefit of the teamsters?

Mr. LANDA. Well, the teamsters received a good interest rate. That interest rate was quite substantial at that time.

Senator CURTIS. What was it?

Mr. LANDA. Four percent, and in those days, that does not sound high now, but it was substantial in those days because money was then commanding a much lesser rate. So the Teamsters Union had a good loan on which they received, I would think, a large amount in interest by the time it was eventually paid.

Senator CURTIS. That is all.

Senator ERVIN. What eventually became of the stock that was bought under this transaction?

Mr. LANDA. Well, a substantial amount of it was sold, Senator, to pay off the loan. The balance belonged to the people who made the loan. That is, the foundation and myself.

Senator ERVIN. How much did the foundation keep?

Mr. LANDA. Well, the foundation kept everything but 14,000 shares. Now as to the 14,000 shares, of that many were sold to repay the amount that I owed for the stock that I had bought at the market.

Senator ERVIN. Did Beck get any personal gain out of this?

Mr. LANDA. Not from me, sir.

Senator ERVIN. All of the payments of the foundation were made directly to the Teamsters Union rather than Mr. Beck?

Mr. LANDA. After the first payment, upon orders from the union—I have forgotten who issued the order—all payments went directly from the brokerage office to Mr. John English.

Senator ERVIN. That was after the first payment. What happened about the first payment?

Mr. LANDA. On the first payment, the brokers paid the first payment to the Fruehauf foundation according to the agreement, but subsequently we had to replace the amount of that first payment and it all went to the union, the first payment and everything went to the union.

Senator ERVIN. Why would they make the first payment to the Fruehauf Co.?

Mr. LANDA. Not to the company, but to the foundation because that was the terms of the loan. It was a dividend.

Senator ERVIN. You had a written contract to settle the rights of the parties?

Mr. LANDA. Yes, sir.

Senator ERVIN. And on Mr. Beck's demand, you altered a written contract?

Mr. LANDA. We accepted the changes that were suggested. We could understand that maybe he wanted more and so we agreed to it.

Senator ERVIN. Did that make any change other than in addition to paying the interest, that the foundation paid the dividend over, too?

Mr. LANDA. The only change it made, Senator, was that it forced the reduction of the loan which had not been contemplated in the original agreement.

Senator ERVIN. And that reduction was made by turning over the dividends to the union?

Mr. LANDA. Yes, sir.

Senator ERVIN. Did those dividends go to the union or go to Mr. Beck?

Mr. LANDA. They went to the union, sir.

Senator ERVIN. I am just a little bit puzzled as to why in the world with a written contract, legally speaking it was a contract, the company makes obeisance to Mr. Beck's demands.

Mr. LANDA. Senator, I understand that but many times I have advised my clients in dealing with labor unions, that sometimes it is better to accept rather than to start a controversy. So we accepted a change in the terms of the agreement.

Senator CURTIS. May I ask you why you make that statement?

Mr. LANDA. I make it because that is fact, sir, and we accepted it.

Senator CURTIS. Why do you single out labor unions, that it is better to accede to their demands than not to?

Mr. LANDA. No, I didn't mean to convey that impression, Senator. I meant to convey the impression that it is often better to avoid controversy, that is what I was attempting to say.

Senator CURTIS. But you said with labor unions, did you not?

Mr. LANDA. I said with anybody and what I mean to say was not only with labor unions, but with anybody else.

Senator CURTIS. Anybody that makes a demand on you?

Mr. LANDA. Yes, if it is not too unreasonable and why start something?

Senator McNAMARA. You really were not dealing with these people as a labor union. You were dealing with these people as a lending institution, were you not?

Mr. LANDA. Yes, sir.

Senator McNAMARA. I do not know how the labor union angle creeps into your answer. And it seems like you reached for that one a little bit.

Mr. LANDA. I didn't mean to, Senator.

Mr. KENNEDY. On the 50 percent of the profits that you offered to Mr. Dave Beck, did you write a letter?

Mr. LANDA. I did, sir.

Mr. KENNEDY. Now, you said this originated with a conversation that you had with Mr. Simon Wampold.

Mr. LANDA. That's right.

Mr. KENNEDY. Mr. Simon Wampold was the attorney for the Teamsters?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. What was the conversation that you had with him?

Mr. LANDA. I cannot recall, or reconstruct the conversation entirely, but I think during the course of the conversation there was a mention of the fact that I was buying the 40 percent of the stock.

I think Mr. Wampold stated to me that, "Well, you might make some money," and I said, "Yes, I might," and that led to my offer to give half of whatever I might make to Mr. Beck.

Mr. KENNEDY. Now, that was because Mr. Dave Beck had loaned teamster money to the Fruehauf Co.?

Mr. LANDA. It was because Mr. Beck had authorized the loan, yes, sir.

Mr. KENNEDY. Now, just going back, and then I want to come back to this point, you were talking about the fact that this was a benefit for the Fruehauf Trailer Co. This was actually a proxy fight, is that right?

Mr. LANDA. That's right.

Mr. KENNEDY. And there were people involved on the other side. It was not just this raider that you have described, but Mr. Roy Fruehauf's brother?

Mr. LANDA. That's correct.

Mr. KENNEDY. This was a fight between brothers as to who would control the company.

Mr. LANDA. Well, it was a very serious fight, and I don't know that you could characterize it entirely as a fight between brothers, but brothers were involved.

Mr. KENNEDY. So that one brother felt one thing was best for the company and Roy Fruehauf and your group thought that something different was better for the company.

Mr. LANDA. I think that is correct.

Mr. KENNEDY. And then the teamsters came in and supported your side, and the stock went up and Mr. Roy Fruehauf still has control of the company.

Mr. LANDA. That's right.

Mr. KENNEDY. That was the reason for the loan, was this proxy fight, rather than the fact that it was a loan to the company.

Mr. LANDA. It was not a loan to the company. It was in connection with the proxy fight.

Mr. KENNEDY. Then, Mr. Dave Beck or the teamsters made the loan of the \$1.5 million and you felt that you should reward or express your appreciation to Mr. Dave Beck, head of the teamsters for doing that, and you wrote this letter on December 8.

Mr. Chairman, I have the letter.

The CHAIRMAN. The Chair presents to you a photostatic copy of the letter dated December 8, purportedly to be from you to Mr. Dave Beck. It is December 8, 1953, and I ask you to identify it.

(A document was handed to the witness.)

Mr. LANDA. Yes, sir, this is a photostatic copy.

The CHAIRMAN. That may be made exhibit 187 for reference.

Mr. KENNEDY. Could I read this into the record, Mr. Chairman?

The CHAIRMAN. It may be read.

(The document referred to follows, and will also be found in the appendix on p. 2534.)

Mr. KENNEDY (reading):

December 8, 1953, to Mr. Dave Beck—

Written up in the top is in ink written "Final," and dash, and then "This not used," and a dash.

Dear Dave: Confirming our conversation the Fruehauf Foundation has bought a large amount of Fruehauf stock. It will buy a total of \$1.5 million worth of Fruehauf common stock within a short time.

I have personally endorsed Fruehauf note in the amount of \$1.5 million and in consideration therefore, 40 percent of the stock bought by the foundation is being sold to me at the foundation's cost per share.

I have already completed the purchase of 14,000 shares of stock from the foundation at an average cost of \$25.77. The entire transaction will be completed soon and I will notify you the total cost of the stock, and then the cost of the 40 percent of the stock which I bought from the foundation.

I want you to have a copy of my agreement with the foundation and I am attaching it herewith.

All of the dividends that are received by me in excess of the amount required to pay income tax, will be used by me to pay against the cost of these shares.

In this regard, I will make available to you my income-tax returns so that you may know how much income tax is paid as a result of receiving these dividends.

Subsequently, when this stock is sold, the profit will be computed. One-half of the profit realized by me after capital gains taxes, and taxes paid on dividends, will then be given to you as a gift.

In other words, you are to be the recipient of one-half of all net profit derived from the 40 percent of stock referred to above. You are to receive such profit irrespective of the source from which it may be derived, and whether it be from dividends directly or indirectly, or from capital gains. It is my desire to make this gift to you, and I sincerely hope that you will accept it from me.

Of course, it is understood that if there is a loss, the loss is mine and there is no obligation on anyone else.

Sincerely,

(Signed) ALFONS LANDA.

Senator ERVIN. I did not think there was anybody in the universe like that except Santa Claus.

Mr. LANDA. Well, Senator, I had a very lively sense of appreciation for a man who had helped at a very serious time in my financial career.

Senator KENNEDY. Mr. Landa, your appreciation was to Mr. Beck for exactly what? It was not his own money that was involved, was it?

Mr. LANDA. No; it was not his own money, but he was the one who had requested to help.

Senator KENNEDY. He requested the use of teamster funds and it was teamster union dues that he loaned to you, and then you gave him personally and not the teamster union fund, this potentially large gift; is that correct?

Mr. LANDA. That is correct, sir.

Senator KENNEDY. Do you consider that proper?

Mr. LANDA. Yes, sir.

Senator KENNEDY. Now, under the excerpts from American Jurisprudence, Volume 54 of Trusts, it states:

A trustee is at all times disabled from obtaining any personal benefit, advantage, gain, or profit out of his administration of the trust, his dealings with the trust property, or his relation to the trust estate.

Nothing in the law of fiduciary trust is better settled than that the trustee shall not be allowed to advantage himself in dealing with the trust estate.

Now, the teamsters union funds were not a trust, but in the practical sense, Mr. Dave Beck was a trustee of those funds. Do you not agree with that?

Mr. LANDA. I think he was a trustee.

Senator KENNEDY. Do you think it is proper that he should be allowed to advantage himself in dealings with the trust estate?

Mr. LANDA. I didn't think there was anything wrong in my proposal.

Senator KENNEDY. Do you think it is wrong for him to accept it?

Mr. LANDA. I don't think so.

Senator KENNEDY. You do not think so?

Mr. LANDA. No.

Senator KENNEDY. You are a member of the bar, and you do not feel that there is anything wrong with you offering to make Mr. Beck some money and make him a gift because he used union funds to contribute to a proxy fight? You do not see anything wrong in that, Mr. Landa?

Mr. LANDA. I don't think so.

Senator KENNEDY. And you do not think there was anything wrong in Mr. Beck accepting it?

Mr. LANDA. He did not accept it.

Senator KENNEDY. He did not accept it?

Mr. LANDA. No.

Senator KENNEDY. Was it offered at the time he was in trouble with the income-tax people?

Mr. LANDA. I did not know he was.

Senator KENNEDY. What date did you offer it to him?

Mr. LANDA. December 1953.

Senator KENNEDY. Did you know that was about the time that the income people were looking into him?

Mr. LANDA. No, I did not.

Senator KENNEDY. You do not see as a lawyer that there was anything wrong with what Mr. Beck himself did, is that correct?

Mr. LANDA. He just refused it.

Senator KENNEDY. I am talking about offering you the teamster money in the proxy fight.

Mr. LANDA. That was a very sound loan, Senator.

Senator KENNEDY. If it was a sound loan, why was it necessary to show him any appreciation?

Mr. LANDA. It wasn't necessary and it was gratitude on my part. It was a gift, and it wasn't necessary.

Senator KENNEDY. Why did you not get it from a bank?

Mr. LANDA. Because we couldn't get it from a bank.

Senator KENNEDY. Why did you not get it from anyone else, and why did you have to go to the teamsters union and have their funds used in a proxy fight?

Mr. LANDA. Because Mr. Beck had offered the funds.

Senator KENNEDY. And in return you offered to make him a gift of half of your profits in the deal?

Mr. LANDA. If there were any; yes, sir.

Senator KENNEDY. And you do not think as an attorney there is anything wrong with that?

Mr. LANDA. No, sir.

Senator GOLDWATER. What were you paying for that stock at the time that the foundation started to buy it?

Mr. LANDA. Well, we began in the area of \$23 or \$24 and all the way up to \$27 or \$28.

Senator GOLDWATER. And it averages out at about \$26.

Mr. LANDA. I wouldn't know what the final average was, but the average of the stock that I bought was \$25.77.

Senator GOLDWATER. How many shares did you ultimately buy?

Mr. LANDA. 14,000.

Senator GOLDWATER. Around \$363,000 worth?

Mr. LANDA. Yes, sir, that is probably correct.



Senator GOLDWATER. Do you remember what you sold it at, as an average?

Mr. LANDA. No, I don't because I had quite a bit of other stock and I wouldn't remember. I know that I sold the stock that I used to pay off the loan at about the price I paid for it.

Senator GOLDWATER. Then, that was to pay off a loan?

Mr. LANDA. Yes, sir.

Senator GOLDWATER. That was to pay off the loan to buy the original stock?

Mr. LANDA. No, that is wrong, I must correct that. The first sale we made when we switched, that is the time it was sold at a price approximately what we paid for it.

Senator GOLDWATER. What did you sell the balance of the stock for?

Mr. LANDA. We sold it at a much higher price, and I think around \$40 or \$41 or \$42.

Senator GOLDWATER. Did it go any higher than that during the sale?

Mr. LANDA. After the sale it went much higher.

Senator GOLDWATER. When you first went into this proposition, you anticipated getting a dividend from this stock and from the dividends paying your income tax?

Mr. LANDA. Yes, sir.

Senator GOLDWATER. Did you actually pay some of your income tax on this stock from these dividends?

Mr. LANDA. No, sir.

Senator GOLDWATER. Mr. Beck moved in before you had a chance?

Mr. LANDA. That is correct, sir.

Senator GOLDWATER. Well now, did you pay tax on dividends that accrued to you from your stock, for which you never received money?

Mr. LANDA. I did, sir.

Senator GOLDWATER. You paid tax out of your own pocket for dividends that you never received?

Mr. LANDA. But I was receiving the benefit indirectly in the reduction of the loan.

Senator GOLDWATER. You were receiving then, a reduction in your liability?

Mr. LANDA. That is correct, sir.

Senator GOLDWATER. That was no particular capital asset to you?

Mr. LANDA. Yes; it increased my equity in the stock.

Senator GOLDWATER. How long could you go on paying income tax on dividends that you did not receive?

Mr. LANDA. I did it for approximately 2 years, Senator.

Senator GOLDWATER. Did you ever figure out how much that cost you?

Mr. LANDA. It didn't cost me anything because I would have had to pay those taxes.

Senator GOLDWATER. But you had to borrow on it, and it came from someplace.

Mr. LANDA. Well, I just had to squeeze what money I had to make it.

Senator GOLDWATER. Did you borrow that money from banks?

Mr. LANDA. I would not say that I specifically borrowed that money, and I was borrowing money from every bank at that time that would loan me any.

Senator GOLDWATER. Did your law firm at that time receive any retainer for representing this fund?

Mr. LANDA. This foundation; no, sir.

Senator GOLDWATER. How about representing Fruehauf Trailer Co.?

Mr. LANDA. We were continually on retainer from Fruehauf Trailer.

Senator GOLDWATER. Did the retainer increase in size during this particular period?

Mr. LANDA. I don't know that it did. It has been about the same for many years. Of course, there was probably more work being done at that particular time because of the proxy fight.

Senator GOLDWATER. I will put it this way: Did your income from the Fruehauf account increase during this period?

Mr. LANDA. I cannot answer that, Senator, I would have to consult my records.

Senator GOLDWATER. You do not remember?

Mr. LANDA. No; I don't remember. It probably did because I was doing more work.

Senator GOLDWATER. Do you have any idea how much money was made out of this whole deal, the profit?

Mr. LANDA. I couldn't answer that, Senator.

Senator GOLDWATER. You have no idea at all?

Mr. LANDA. I would say it was a considerable sum.

Senator GOLDWATER. Would it be over half a million dollars?

Mr. LANDA. Yes. If I knew when the foundation had sold, and all of these figures have been submitted to the committee by the foundation, that would appear in the audit. The foundation is handled by a certified public accountant and that would appear in the accounts passed over to the committee.

Mr. KENNEDY. The foundation was worth approximately \$80,000 at the time that they went into this deal and now it is worth \$1,100,000.

Mr. LANDA. But Mr. Fruehauf made many additional contributions during that period.

Mr. KENNEDY. I believe he has, and those are the figures. I do not know exactly where they come from, and I am not saying they all came from this transaction?

Senator GOLDWATER. Do you have any way of knowing what accrued from this transaction?

Mr. KENNEDY. Between \$700,000 and \$900,000.

Senator GOLDWATER. And Mr. Beck was offered half of that?

Mr. KENNEDY. He was offered 50 percent of 40 percent of it.

Senator GOLDWATER. That is about \$150,000 to \$180,000.

Mr. KENNEDY. That is right.

Senator ERVIN. Who brought up the idea first, you or the lawyer? wanting to make a gift to Mr. Beck, why did you not discuss it with Mr. Beck instead of discussing it with his lawyer?

Mr. LANDA. Because when I talked with his lawyer, I thought I was talking with Mr. Beck.

Senator ERVIN. Who brought up the idea first, you or the lawyer?

Mr. LANDA. I think that I did, sir.

Senator ERVIN. Are you positive about that?

Mr. LANDA. I would be reasonably positive that I did. I do not recall that the lawyer said, "You ought to do something," and I think I was the one who made the offer.

Senator ERVIN. Mr. Beck was in Washington as well as his lawyer was, off and on?

Mr. LANDA. Yes; but I saw Mr. Beck very seldom and I did most of my business with his lawyer.

Senator ERVIN. Even when you came to an offering of a gift?

Mr. LANDA. Well, that happened when his lawyer was there.

Senator KENNEDY. What did you make out of that deal?

Mr. LANDA. It is hard for me to answer that question. But I made a substantial amount. I would say a couple of hundred thousand dollars.

Senator KENNEDY. Was this directly as a result of the loan of the Teamster fund?

Mr. LANDA. I wouldn't say it was directly, for this reason: When you borrow money at a bank, Senator, and you repay the bank, the fact that subsequently there is an increase in the value isn't directly attributable to that.

It is a direct result of your exposure in making such a transaction. There was some of the stock, or there was a time when I might have lost a great deal of money. It turned around after about a year and a half, and it went the other way.

Senator KENNEDY. It turned around a year and a half after the loan?

Mr. LANDA. About a year and a half after the loan.

Senator KENNEDY. When you bought the stock, you bought at an average figure of \$25.77?

Mr. LANDA. Yes, sir.

Senator KENNEDY. That was the average figure for the total purchases?

Mr. LANDA. Yes, sir.

Senator KENNEDY. And you held that for how long before it began to go up? Or did you keep purchasing as it moved to \$30? It began about \$21, did it?

Mr. LANDA. I would think that it began about \$21.22.

Senator KENNEDY. How long a period did it take to get to \$30?

Mr. LANDA. There is one figure that stays in my mind, and I know that on October 1954 its price was \$28.25.

Senator KENNEDY. In other words, did it ever go down from the time you went into it?

Mr. LANDA. Yes, sir.

Senator KENNEDY. To what, for how long, and how much?

Mr. LANDA. At the end of December it was selling at \$22 and a fraction.

Senator KENNEDY. You started at \$21?

Mr. LANDA. Well, but I have an average price of \$25.77, and so I had a loss at that time, Senator, of \$40,000.

Senator KENNEDY. Then it went up again?

Mr. LANDA. Subsequently it went up and it went down and it went up.

Senator KENNEDY. And it is now, what would you say?

Mr. LANDA. Well, now——

Senator KENNEDY. At the end of 18 months, what was it?

Mr. LANDA. About \$28 a share.

Senator KENNEDY. And you made out of this deal \$150,000 or \$200,000?

Mr. LANDA. I would think so; yes, sir.

Senator KENNEDY. If a bank loaned you money, would you consider it proper as an attorney to offer to split your profits with one of the directors of the bank who was instrumental in bringing about the loan?

Mr. LANDA. Well, if a director of a bank, or a president of a bank had offered me a loan, and then took the responsibility for making it, I would think it would be proper if I had offered him something.

Senator KENNEDY. Of the bank's money?

Mr. LANDA. Yes, sir; the bank's money.

Senator KENNEDY. And not the director's money, but the bank's money.

Mr. LANDA. It was the bank's money.

Senator KENNEDY. You consider as an attorney it is proper, Mr. Landa, at a time when you get a loan or a company you are interested in gets a loan, for you to split any profits you may make with one of the directors?

Mr. LANDA. No; I wouldn't say that broadly, Senator.

Senator KENNEDY. Tell me what it is, then.

Mr. LANDA. I don't think that this was that. You are now referring to a bank and I think that would be different.

Senator KENNEDY. That would be different, and that would be a violation of the law, would it not?

Mr. LANDA. I think that it might be.

Senator KENNEDY. Would you tell me what you consider to be the practical difference in the responsibility which Mr. Beck had toward union funds and the responsibility which a bank director has toward funds within the bank?

Do you think there is a real practical difference in the responsibility each has toward their responsibility?

Mr. LANDA. No; but I don't think that the situation with reference to my relationship would be the same.

Senator KENNEDY. Tell me how it differed.

Mr. LANDA. Well, it differed in that it would be perfectly all right for me to make a gift to Mr. Beck under the circumstances, and it wouldn't be a bank president.

Senator KENNEDY. I am frankly astonished, Mr. Landa, at your judgment in this matter. I do not think that there is any doubt, at least in my mind, that it was highly improper for you to make the offer because the funds did not involve Mr. Beck's own funds.

That would have been a free and open deal and I would not have had any criticisms. But this involved funds for which Mr. Beck was a trustee in a sense. So what right did he have to give that money and for you to make an offer that you would give him a gift of the profits made out of it?

I do not consider that is proper at all, and his responsibility is the same as a bank director's.

Senator GOLDWATER. This is the first time in all of these hearings that I have heard of Mr. Beck turning down anything. Have you any idea why he turned it down?

Mr. LANDA. No, sir.

Senator GOLDWATER. This is Mr. Dave Beck, Sr.?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. Mr. Landa, shortly after you wrote this letter, did you receive some notification that the teamsters were cutting off the loan and were not going to advance any more money?

Mr. LANDA. No; there was never any suggestion that they were not going to advance the balance of the money.

Mr. KENNEDY. The money kept coming in from the teamsters?

Mr. LANDA. It did not come in, Mr. Kennedy. What happened was that we transmitted the orders to the broker, and they in turn advised their financial adviser, Mr. Loomis, and then, Mr. Loomis remitted the money to the brokers.

Mr. KENNEDY. We have a telegram here, dated the 10th of December, Mr. Chairman.

The CHAIRMAN. The Chair presents to you this telegram. The Chair has in his hands a photostatic copy of a telegram dated December 10, 1953, addressed to Fred Loomis, from Washington, D. C., to him at Seattle, Wash., and reading as follows:

Advance no further money on Fruehauf deal until cleared by me.

(Signed) DAVE BECK.

Mr. LANDA. That is the first I have ever known anything about that.

The CHAIRMAN. You know nothing about this wire?

Mr. LANDA. I know nothing about this wire and this is the first time.

The CHAIRMAN. That is dated December 10, 1953.

Mr. KENNEDY. And the letter is dated the 8th of December.

The CHAIRMAN. It is 2 days after receipt of the letter. Then, it was after that that you made the arrangements about paying all of the dividends; is that right?

Mr. LANDA. Yes, sir.

Senator ERVIN. Let me understand this. Do I understand you to say that you made this offer to give half of your profits to Dave Beck before the teamsters union had completed the advancement of the \$1.5 million to the foundation?

Mr. LANDA. That is correct, Senator.

Mr. KENNEDY. Now, our records show that this money was not cleared until January some time. Mr. Loomis did not receive any notification from Mr. Beck until the middle of January to start clearances.

Mr. LANDA. I wouldn't know about that, Mr. Kennedy.

Mr. KENNEDY. You have no explanation of this at all?

Mr. LANDA. No, sir.

Mr. KENNEDY. Now, about this same period of time, going back to a question that Senator Goldwater asked you about the funds or the retainer that you were receiving from the Fruehauf Trailer Co., within 2 or 3 days of this time, namely December 14, didn't the retainer fee from the Fruehauf Trailer Co. increase substantially?

Mr. LANDA. I don't think so. I think at the end of the year we always get our retainer. That is, we get our retainer from Fruehauf Trailer. It depended on a monthly payment and then an addition each year, depending upon the amount of work that was done.

Now, at the end of the year we asked for an additional amount of money and as I recall we were getting \$40,000 a year regularly, but

we raised our fee because the amount of work in connection with the proxy fight on Fruehauf Trailer.

(At this point, Senators McClellan and Curtis withdrew from the hearing room.)

Mr. KENNEDY. But that \$40,000 started December 14, 1953. Prior to that time, you had not received the \$40,000.

Mr. LANDA. I think we had. We received some amount.

Mr. KENNEDY. No, up to that time you had received \$15,000. You received \$6,250 every quarter.

Mr. LANDA. Yes, and in addition to that, every year, at the end of the year, we received a substantial amount.

Mr. KENNEDY. For instance, in 1952, it was \$15,000.

Mr. LANDA. In addition?

Mr. KENNEDY. Yes.

Mr. LANDA. Well, that would make—

Mr. KENNEDY. In 1953, it was \$40,000.

Mr. LANDA. Yes, sir.

(At this point, Senator Curtis entered the hearing room.)

Mr. KENNEDY. In 1954, the following year, it was \$40,000.

Mr. LANDA. Yes, sir.

Mr. KENNEDY. And in 1955 it was \$40,000.

Mr. LANDA. Yes, sir.

Mr. KENNEDY. For what reason did it increase?

Mr. LANDA. Because of the additional work that resulted, and our work has become heavier all the time.

Mr. KENNEDY. What percentage of the \$40,000 did you receive?

Mr. LANDA. I received one-half, and then, at the end of the year, at the end of the year the profits of the firm are divided among the people who work there according to an agreement that we have with our—

Mr. KENNEDY. Did you have an agreement whereby you would receive \$25,000 of the \$40,000 that was paid in 1953?

Mr. LANDA. I don't recall it.

Mr. KENNEDY. Did you not receive \$25,000?

Mr. LANDA. I ask for money all the time when I have it coming to me.

Mr. KENNEDY. Did you not receive \$25,000?

Mr. LANDA. I probably did; yes, sir. That would be on my portion of the profits.

Mr. KENNEDY. That would be \$25,000 out of the 40. That would leave 15 for the firm.

Mr. LANDA. That 25 didn't necessarily come out of that. I have other clients and I am entitled to receive one-half of the fee of all of the clients in the office, that I have. I have a large number of big clients.

Mr. KENNEDY. You say the \$25,000 was not connected with this?

Mr. LANDA. No. There was no direct connection.

Mr. KENNEDY. Do you and Mr. Dave Beck have any financial interests in common? Do you have interests in the same companies?

Mr. LANDA. Not that I know of.

Mr. KENNEDY. Are you in partnership at all together?

Mr. LANDA. No, sir.

Mr. KENNEDY. You have no partnerships or companies that you are interested in?

Mr. LANDA. No, sir.

Mr. KENNEDY. Are you holding any stock for him or holding any business?

Mr. LANDA. No, sir.

(At this point, the chairman entered the hearing room.)

Mr. KENNEDY. You are not holding anything of value for him?

Mr. LANDA. No, sir.

Mr. KENNEDY. You made no stipulation or agreement at this time that you would pay him any moneys or anything of that type?

Mr. LANDA. No, sir. I have no such agreement, no, sir, of any kind.

Mr. KENNEDY. Mr. Landa, you were also involved to some extent in the loan that the teamsters made, or the purchase of the stock by the teamsters, in Montgomery Ward, were you not?

Mr. LANDA. I wasn't involved. I might state my interest in this way, that I was consulted by counsel for Montgomery Ward. I was unable to accept employment. I have always been interested in proxy fights because I have been employed in a number of them.

(At this point, Senator Ives withdrew from the hearing room.)

Mr. LANDA. One day I read in the paper that the central conference or the eastern conference of the teamsters union had bought some Montgomery Ward stock and were going to vote it in favor of Mr. Wolfson. On encountering Dave Beck, I expressed my surprise.

Mr. KENNEDY. How did you encounter him?

Mr. LANDA. In the Fruehauf plane on the way to Washington. He was in Cleveland and the plane was stopped to pick him up to fly him in. I expressed my surprise that the stock would be voted in favor of the man who was attempting to, what I call, raid Montgomery Ward, and I said to him that I am sure that that wasn't the thing that should be done. I further stated that if that stock was voted for Montgomery Ward, and I was a pure volunteer in this situation because I wasn't hired by Montgomery Ward, that he could organize Montgomery Ward, and Montgomery Ward should be organized.

I then telephoned—

Mr. KENNEDY. You said what, again? Let us get this clear. You said what, again? About Montgomery Ward being organized?

Mr. LANDA. I said that in the event that he supported Montgomery Ward, I felt sure that he could have the opportunity of organizing Montgomery Ward. He had sought to do that often, I had read.

The CHAIRMAN. Do you mean organize the employees into the teamsters union?

Mr. LANDA. Yes, sir.

Mr. KENNEDY. If he gave the weight of the teamsters to the present management, or the management of Montgomery Ward, then the Montgomery Ward management would agree to the organization by the teamsters?

Mr. LANDA. Yes, I made that, I volunteered that. I thought that could be done.

Mr. KENNEDY. So what did you do then? Did he agree to that, then, Mr. Beck?

Mr. LANDA. There was no agreement. He simply said, "That is a good idea." I said, "all right, I will telephone."

Mr. KENNEDY. Did he tell you that he would be willing to do it if he could get Montgomery Ward organized?

Mr. LANDA. He showed that general disposition; yes sir.

Mr. KENNEDY. Go ahead.

Mr. LANDA. I telephoned a man named Mr. Richary Nye, who is the proxy solicitor for Montgomery Ward, and told him of my conversation with Mr. Beck.

Mr. KENNEDY. Did anything occur after that?

Mr. LANDA. What I read in the newspapers. I had no further connection with it.

Mr. KENNEDY. Did you tell Mr. Nye that Mr. Beck would be willing to loan this money or buy this stock and vote it for the Montgomery Ward management, Sewell Avery, if the Montgomery management would agree to the organization by the teamsters?

Mr. LANDA. I think the stock was already bought, Mr. Kennedy. I had read that there was \$2 million worth of Montgomery Ward stock bought.

Mr. KENNEDY. What were you doing? What were you saying to Mr. Nye? What information were you giving him?

Mr. LANDA. I told Mr. Nye I had seen Mr. Beck, and that Mr. Beck indicated that he would be willing to see that that stock was voted for management in the event that he had the opportunity to organize Montgomery Ward.

Mr. KENNEDY. What did Mr. Nye say to you?

Mr. LANDA. Mr. Nye said, "O. K., I will pass the word on."

Mr. KENNEDY. Did you subsequently learn that the teamsters voted their stock for Sewell Avery?

Mr. LANDA. I did. I learned it from the press.

Mr. KENNEDY. And that the teamsters organized Montgomery Ward?

Mr. LANDA. I learned it from the press; yes.

Mr. KENNEDY. Mr. Chairman, we have here a clipping of the Chicago American dated March 31, 1955, which indicates that the teamsters then organized Montgomery Ward, and that the proxies were voted in favor of Sewell Avery.

The CHAIRMAN. This photostatic copy of the newspaper may be made exhibit 188, for reference only. It is not sworn to. It will just be assumed that it is a correct photostatic copy.

(The document referred to was marked "Exhibit No. 188," for reference and will be found in the appendix on p. 2535.)

Mr. KENNEDY. As I understand, then, it wasn't a question of what the employees of Montgomery Ward wanted or did not want, but it was a question of whether the teamsters would buy the stock or not?

Mr. LANDA. That I don't know. I can't answer that question, Mr. Kennedy.

Mr. KENNEDY. It does seem peculiar that the members of Montgomery Ward or the employees of Montgomery Ward decided just during this period of time that they wanted to be members of the teamsters union.

Mr. LANDA. I think what it meant, really, was that Montgomery Ward wouldn't resist their organization of their employees. I don't know what went through the minds of the employees. I have stated fully. I was a volunteer. Probably if I had been able to look forward to this point, I wouldn't have volunteered it. But I have always been against raiders, so I spoke up and asked them to do it. I wasn't in any way employed by Montgomery Ward.



The CHAIRMAN. Would this indicate that there was a bargaining in the transaction to subject, without their knowledge or consent, the employees of Montgomery Ward to unionism?

Mr. LANDA. I don't think so, sir.

The CHAIRMAN. What else could you unravel from it?

Mr. LANDA. I think the only conclusion is that the company itself didn't resist.

The CHAIRMAN. I do not know. Companies have a little bit of influence with their employees, and so do labor unions of their members. It seems to me like the top was bargaining with the product in between.

Mr. LANDA. That I don't know anything about, Mr. Chairman. I wasn't—I don't know what the negotiations were.

The CHAIRMAN. I do not know what they were. But on the surface, on the face of it, it seems to me like that is a consideration. I think that was your suggestion, that that would be a valid consideration.

Mr. LANDA. As I say, I was very much interested in proxy fights.

The CHAIRMAN. As you contemplated the advice you were giving, and its consequences if carried out, you anticipated, and that is what you said, that they would be able to organize Montgomery Ward, which they had not been able to do in the past.

Mr. LANDA. Yes, sir.

The CHAIRMAN. So with the desire of the teamsters union president to organize them, and with the desire or the consent, the bargaining consent, of Montgomery Ward officials, they were just pawns in the hands of the two in the trade. Would you not say so?

Mr. LANDA. Well, I hope that wasn't the case, Senator.

The CHAIRMAN. I hope it was not. It will take a little explaining to convince me otherwise.

Senator Goldwater?

Senator GOLDWATER. Did the Fruehauf Co. exercise such an agreement with Mr. Beck regarding their employees after this loan had been arranged?

Mr. LANDA. No; I don't think so. I don't think so, Senator.

Senator GOLDWATER. As I understand from this newspaper article, there was a series of negotiations that began 18 months before this time, and only about 3,000 of the 52,000 employees were covered by union contracts. As a result of this investment of Mr. Beck, he overrode all negotiations, he overrode the evident will of 49,000 employees, and used them, as the chairman suggested, as pawns in return for control of the company which was provided by Mr. Beck. Do you think that is proper, as a citizen of this country?

Mr. LANDA. I am not in possession of all the facts, Senator. I only know what I have related here.

Senator GOLDWATER. If what we are suggesting is true, and it looks like it is true, do you as a lover of freedom in this country think that that should be condoned?

Mr. LANDA. I am not familiar with the facts, Senator.

Senator GOLDWATER. You, yourself, said that you suggested to Mr. Beck that—

Mr. LANDA. I thought that the only—when I made the suggestion, Senator, I thought that the only thing that stood in the way of the

organization of that company for the benefit of its employees was the company, Mr. Avery.

Senator GOLDWATER. And that if Mr. Avery had his way in this proxy fight, that Mr. Avery would agree?

Mr. LANDA. Would agree. I thought the employees wanted to be. They usually do.

Senator GOLDWATER. They usually want to do what?

Mr. LANDA. They usually want to be unionized.

Senator GOLDWATER. They had been trying for 18 months to get them and they still had 49,000 to go. That is making up 49,000 minds in a very fast time.

Mr. LANDA. It seems that way, Senator.

Senator GOLDWATER. Have you ever carried that out to its ultimate?

Mr. LANDA. No, sir.

Senator GOLDWATER. Do you think it would be proper for unions with their vast sums of money today to go into proxy fights, to go into the stock market and buy control of companies just so that they can obtain the membership of those companies in their unions? Is that right?

Mr. LANDA. I haven't any opinion. I don't think it is, Senator.

Senator GOLDWATER. You do not think it is right?

Mr. LANDA. No.

Senator GOLDWATER. But you suggested it to Mr. Beck.

Mr. LANDA. I didn't suggest that at all, Senator.

Senator GOLDWATER. You dropped a little germ, and it got in that fertile mind of his and grew awfully fast. Is that not about it?

Mr. LANDA. Well, I thought that organization for labor is good. I always have thought it.

Senator GOLDWATER. Nobody is arguing that point, but there are ways to organize and there are ways not to organize.

Mr. LANDA. Yes, sir. I didn't think anything would be done that wasn't perfectly proper. I thought it would simply overcome the resistance of Mr. Sewell Avery who had fought bitterly against labor unions.

Senator GOLDWATER. My point is: Is Mr. Sewell Avery the important point here or are 49,000 people who evidently had not agreed to the union or closed shop at that time? I do not want to prolong this, but I hope that you never again in your life offer any suggestion that a man can gain control of a company if he is willing to use his employees as pawns. If they can organize them in the correct way over the bargaining table, fine and dandy, I am all for it. But to use these vast sums to go into companies, that is one of the ultimate evils that we are seeing coming out of these hearings, the fact that union sums are so vast today, and the political power of the union leaders has become so great, that we are gradually going to eliminate the people who are supposed to do the collective bargaining for these workers, and replace them with men who control politics, who control the companies, and who control the workers.

When that time comes, we are going to be in a devil of a fix in this country.

I should think you would be a little bit ashamed for having contributed one small part to it.

The CHAIRMAN. Senator McNamara?

Senator McNAMARA. The inference from your answer is that actually if there was any control exerted it was by Mr. Beck on Mr. Sewell Avery?

Mr. LANDA. Would you repeat that question, Senator?

Senator McNAMARA. To get the place organized, to get the company organized, all that was needed was to get the cooperation of Mr. Sewell Avery, in your judgment?

Mr. LANDA. Yes. That was my judgment.

Senator McNAMARA. This was the combination of the power of authority, whatever we are concerned about, of these two people, Beck and Avery, is that not right?

Mr. LANDA. Yes, I would say so. Yes.

Senator McNAMARA. When they got together, then the place was organized.

Mr. LANDA. Yes.

Senator McNAMARA. That is what is known on our side of the street as sweetheart contract. You know, I am just as much against them as Senator Goldwater.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I hate to take the time, but, Mr. Landa, is it not a fact that Mr. Beck forces in his membership drives by applying the pressure on the employer?

Mr. LANDA. I don't know that, sir.

Senator CURTIS. That is what is happening in my State. He has certain transportation companies withhold business from nonunion trucklines. He never bothers the employees because that is forbidden by the Taft-Hartley law. He goes in the front door, his agents do, and deals with management, because that is a loophole in the Taft-Hartley law. In this case, you suggested how he might make a deal with management to secure the membership of the Ward employees, is that correct?

Mr. LANDA. I probably never thought of it in any other way except as a proxy fight, Senator. That was my main—I never thought of it in any other way but here was Mr. Wolfson, whose experience in Washington was such that I thought he shouldn't be allowed to get into Montgomery Ward. That is the only way I thought of it. I didn't think of the labor aspects of it, except as I was trying to see Mr. Beck's interest in it.

The CHAIRMAN. Is there anything further?

Senator ERVIN. Your interest in the Montgomery Ward situation was a sentimental interest?

Mr. LANDA. You can call it that. I am against all raiders.

Senator ERVIN. In other words, you felt like Wolfson was trying to reap where he had not sowed and was trying to gather where he had not strawed, and you just do not approve of an outsider coming in and taking charge of the company and taking it out of the hands of the men that built it, to his advantage.

Mr. LANDA. That is what I had in mind.

Senator ERVIN. So your getting embroiled in this matter, as far as Montgomery Ward is concerned, is because of the fact that you do not approve an outsider coming in and raiding an established business and, in a sense, pushing out those that built up the business?

Mr. LANDA. That is correct, sir.

(At this point, Senator Goldwater withdrew from the hearing room.)

The CHAIRMAN. Proceed, counsel.

Senator KENNEDY. Mr. Chairman?

The CHAIRMAN. Senator Kennedy.

Senator KENNEDY. I understand that the funds that were used to purchased this stock were taken from the health and welfare fund, not the union's regular organizational fund, is that correct?

Mr. LANDA. I don't know. I had no knowledge of that.

Senator KENNEDY. That is a fact. Do you not think that raises a question of whether health and welfare or pension plan funds should be used in this way, in a proxy fight?

Mr. LANDA. I didn't know where they came from. All I did was read in the paper something and then that started a train of thought that Mr. Wolfson ought not to be allowed to get into this company, that is all.

Senator KENNEDY. I think it does raise the question of whether health and welfare funds should be used in this sort of a deal, not as an investment to protect the future security of the workers, but as a part of the proxy fight. It does not seem to me proper that welfare and pension plan funds should be used in this way. I distinguish that from the regulation union fund.

Mr. Chairman, I think it might be helpful if I read this paragraph in to show what the situation was at this time.

Sewell Avery, board chairman of Montgomery Ward & Co., today signed a contract agreement covering 15,000 of his employees. And he won an army of support for his fight against the attempt by Louis Wolfson to wrest control of the big mail-order house. These were the developments: One—Avery and Dave Beck, general president of the International Brotherhood of Teamsters (AFL) met to sign the agreement covering workers in 16 plants. It was the first contract between Ward's and the union. Two—Beck and James Hoffa, vice president of the teamsters, declared they would recommend that all divisions of the union holding Montgomery Ward stock vote their proxies for Avery in his battle with Wolfson. Three—the union is now recognized officially by Ward's for the first time as bargaining agent for its employees.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. I have a few questions I would like to ask on the memorandums that we discussed yesterday, and which we were unable to put into the record because they were taken from Mr. Landa's files. Can we get those admitted into the record now, or introduced?

The CHAIRMAN. Mr. Landa, the Chair presents to you seven photostatic copies of memorandums which were taken, I believe, from your files. Will you examine these documents and see if they are photostats of the originals?

(Documents handed to witness.)

(The witness conferred with his counsel.)

Mr. LANDA. Yes, sir. These were given by my office to—

The CHAIRMAN. They may be made exhibit No. 188.

You may number them 189-A, B, C, and so forth.

(The documents referred to were marked "Exhibits Nos. 189-A, B, C, D, E, F, and G" for reference and will be found in the appendix on pp. 2536-2542.)

Mr. KENNEDY. What information do you have about the Fruehauf problems in the Boston strike during 1955, Mr. Landa?

Mr. LANDA. I read those memorandums, and reread them. They mean not a great deal to me because that wasn't an area in which I served Fruehauf. That was the ACT Committee. But I know that a strike anywhere affects the welfare of Fruehauf, and I know that there have been strikes in the New England area. When they do have a strike, Fruehauf and everybody connected with Fruehauf does everything they can to compose the differences so that the trucks will start moving again.

Mr. KENNEDY. Were there efforts being made by you people to approach Dave Beck for Seymour and for Roy Fruehauf?

Mr. LANDA. Not by me. Apparently Mr. Condon seems to have—

Mr. KENNEDY. To have approached Dave Beck?

Mr. LANDA. That is what I gather from these memorandums. He wrote them for himself, apparently, as reminders.

Mr. KENNEDY. You had not read these memorandums before?

Mr. LANDA. No. Because I get so many of them. I may have read them. I paid no attention to them. But I read them now. I read them in the last few days, since this committee sought them from our files.

Mr. KENNEDY. And it would appear that Mr. Fruehauf was anxious to have an approach made to Mr. Dave Beck to try to call the strike off, even though he wasn't directly involved?

Mr. LANDA. I don't think he was trying to call the strike off. I think he was trying to compose. It is very difficult for me to testify as to what Mr. Fruehauf was thinking. I think he testified yesterday.

Mr. KENNEDY. He couldn't remember. I mean, he didn't know anything about it, or at least he stated to the committee that he knew nothing about it.

Mr. LANDA. I think whenever there is a strike, Fruehauf Trailer is interested, a strike effecting the trucking industry.

Mr. KENNEDY. In what connection was the Associated Transport Co.? How were they involved?

Mr. LANDA. I think one of their lines was struck.

Mr. KENNEDY. There were arrangements made to get the pickets off of their facilities out of Washington?

Mr. LANDA. From reading that, they were only struck in the New England area. Nevertheless, pickets were sent down to the South, to picket their southern terminals. The request was that they not picket the southern terminals in view of the fact that the strike was only in New England.

Mr. KENNEDY. And did Mr. Einar Mohn arrange that?

Mr. LANDA. I don't know.

Mr. KENNEDY. Is that what appears from this?

Mr. LANDA. There is some suggestion that Mr. Einar Mohn be asked about it.

Mr. KENNEDY. In a memo of July 5, 1955, it reads as follows:

The teamsters through Einar Mohn arranged for the withdrawal of pickets.

Mr. LANDA. That may be Mr. Condon's conception. I don't know whether they did or not.

Mr. KENNEDY. Is it possible to question you about these memorandums?

Mr. LANDA. It isn't impossible to question me about it.

Mr. KENNEDY. It is not possible to get answers on any of them?

Mr. LANDA. Not answers as to what was going on, because I wasn't familiar with it.

The CHAIRMAN. Could Mr. Condon give us information, do you suppose?

Mr. LANDA. I think he could; yes.

The CHAIRMAN. All right, then, you may stand aside.

Mr. KENNEDY. Before Mr. Landa leaves, there is another matter I wanted to question him about.

The CHAIRMAN. All right.

Mr. KENNEDY. Then we can dismiss him finally.

Did you have anything to do with the \$200,000 loan?

Mr. LANDA. I did, sir. There came a time——

Mr. KENNEDY. That was the \$200,000 loan that was made.

Mr. LANDA. That was testified yesterday?

Mr. KENNEDY. Made to Dave Beck.

Mr. LANDA. Yes, sir. First I tried to borrow the money in Washington. That wasn't possible. Subsequently, I endorsed or made—I was a comaker of a note for \$175,000 in order to guarantee that loan.

Mr. KENNEDY. Did you go to certain banks here in Washington?

Mr. LANDA. I did, sir.

Mr. KENNEDY. Why could not Mr. Beck get a loan here?

Mr. LANDA. I don't know.

Mr. KENNEDY. You were unable to get a loan for him?

Mr. LANDA. Unable to get a loan for him.

Mr. KENNEDY. Did you go to banks in New York also?

Mr. LANDA. I didn't, no. I just tried two banks here.

Mr. KENNEDY. Ultimately, the Fruehauf Trailer Co. loaned \$175,000 to the Brown Equipment Co. which, in turn, loaned the money to Dave Beck.

Mr. LANDA. That is what I learned.

Mr. KENNEDY. Why did not Mr. Fruehauf loan the money directly to Dave Beck?

Mr. LANDA. I think he explained yesterday that the Fruehauf Trailer Co. did not make loans to individuals, never had. The credit of Brown was a perfectly good credit. Therefore, he loaned the money to Brown.

Mr. KENNEDY. So, once again, you felt, you and Mr. Fruehauf and Mr. Seymour felt, that it was proper to do something indirectly that you could not do directly?

Mr. LANDA. When I learned of it afterwards I thought it was proper; yes.

Mr. KENNEDY. Did you make a suggestion to Mr. Fruehauf that it be arranged in this manner?

Mr. LANDA. I did not.

Mr. KENNEDY. Did you make the suggestion to Mr. Seymour that he list this loan of \$200,000 to Dave Beck as an advance to the ACT Committee?

Mr. LANDA. Absolutely not.

Mr. KENNEDY. Do you have any explanation as to why he did that?

Mr. LANDA. No, sir; I have none at all.

The CHAIRMAN. Thank you very much.

You may stand aside.

(Members present at this point: Senators McClellan, Kennedy, Ervin, McNamara, and Curtis.)

The CHAIRMAN. Who is your next witness?

Mr. KENNEDY. Mr. Arthur Condon.

The CHAIRMAN. Mr. Condon, come forward, please?

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CONDON. I do, sir.

### TESTIMONY OF ARTHUR CONDON

The CHAIRMAN. State your name, Mr. Condon, and your profession, and place of residence.

Mr. CONDON. My name is Arthur Condon. I am an attorney. My home is in Annapolis, Md. My office is in Washington, D. C., at 1000 Vermont Avenue.

The CHAIRMAN. Counsel, you may proceed.

Mr. KENNEDY. Mr. Condon, you are familiar with these memorandums?

Mr. CONDON. The ones you showed me this morning?

Mr. KENNEDY. Yes.

Mr. CONDON. Yes.

Mr. KENNEDY. Could you tell the committee what the situation was as far as the strike in Boston, in connection with Fruehauf?

Mr. CONDON. Would you let me have them, please?

Mr. KENNEDY. The clerk will get a copy for you.

(Document handed to witness.)

The CHAIRMAN. Are those the same that have been made an exhibit?

Mrs. WATT. Yes, sir. They are the mimeographed copies.

Mr. KENNEDY. Do you have copies of them?

Mr. CONDON. I have before me the memorandum of June 28, headed Boston strike.

Mr. KENNEDY. Could you tell me what the situation was as far as the Boston strike is concerned?

Mr. CONDON. Can you be more explicit, Mr. Kennedy?

Mr. KENNEDY. For instance,

Roy Fruehauf got on the phone and said he thought my suggestion was a very good one. Roy wants me to telephone him what Beck says about the strike situation; he knows that I plan to talk with Beck later this afternoon when he reaches the west coast. Roy and Burt are going to think over my suggestion.

Their suggestion was that Sonnenberg and Seymour go to Boston, that they publicize the arrival of the president of the ACT committee, I guess.

Mr. CONDON. At this time, as I recollect the circumstances, there was a very devastating teamsters strike on, centered around New England, judging by this, and I have no present recollection of all of these facts.

There were two groups meeting to try to settle this problem. One was composed of truckers, that is, the people who own the trucks. The other group was composed of representatives of the locals.

Mr. Seymour was head of the largest trucking company involved in this strike. Apparently the information that I had was that efforts between the two groups in Boston to settle the strike were not progressing as rapidly as everybody wanted them to, and I suggested that Mr.

Seymour, in view of the fact that he was the president of the largest trucking company, and also because of his prestige as president of the ACT committee, go to Boston himself and participate as the president of Associated Transport in the settlement negotiations.

Mr. KENNEDY. I notice a memorandum dated August 11, 1955, again re: Fruehauf, and a paragraph stating—

This morning I gave Roy Fruehauf the following information on the telephone: Former ICC Commissioner Madsen told me that a New England trucker said that a letter is being circulated among the truckers in that area, criticizing Fruehauf, Beck, and Seymour, on the grounds that the strike settlement was the result of a deal engineered by these men. The letter was said to be most critical of Fruehauf, claiming that these tactics gave Fruehauf a hold over small truckers. I suggested that at the luncheon today in Chicago, the fact be stressed that the ACT committee does not function in the realm of labor disputes, and that Seymour and the other truckers fight even harder against Beck in labor negotiations than do other truckers.

That is inconsistent with your suggestion, I guess, of June 28, is it not?

Mr. CONDON. Not that I see.

Mr. KENNEDY. That you were suggesting for Seymour to go up to Boston as head of the ACT committee?

Mr. CONDON. No. As head of Associated Transport.

Mr. KENNEDY. And also as head of the ACT committee.

Mr. CONDON. He wouldn't have anything as head of the ACT committee. The ACT committee is a trade association.

Mr. KENNEDY. Why was that put in the memorandum?

Mr. CONDON. Because Mr. Seymour, as president of the ACT committee, enjoys a certain prestige in the trucking industry.

Mr. KENNEDY. What is the situation regarding this letter that was circulated, this that was critical of Fruehauf, claiming that these tactics gave Fruehauf a hold over small truckers?

Mr. CONDON. Again, I must say I have no present recollection as I had of the details at the time I prepared these memoranda. But just as in all industries, there is a lot of rivalry and jealousies between manufacturers and truckers and everybody concerned. I don't recall that I ever saw the letter referred to here, but the important point was to circularize among the leading people in the trucking industry that the ACT Committee was not an organization that functioned in the realm of labor disputes.

Here is the situation about that, Mr. Kennedy. I had very little knowledge of the way the Teamsters are organized and operate, or policy questions, but I do know that the strike situation is in the hands of the locals, so that one large trucking company would have as many as 60 or 70 different contracts, and in my judgment there is no one man in the Teamsters Union who can settle a New England strike. It has to be done by negotiation with a committee representing many, many different locals.

Similarly, so far as the trucking companies are concerned, and I have played no part, personally, in any negotiation of this type, and I am speaking generally, there would be a group of truckers, normally it would be the most important ones, who would form the negotiation team for the truckers. One of the jobs would be to keep them all in line among themselves. In other words, they would all go in pledged so that no one trucker would make a separate deal with the union people and thus pull the rug out from under the others. It



was important for the ACT Committee, which was a trade association, to avoid being put in the position of having the truckers, and generally the people who supported it, think that it was functioning in the field of labor relations, to the point of trying to participate in labor relations.

We are always interested in helping to settle labor disputes, because one like this was most devastating to all concerned, the public, the truckers, the truck drivers, and everybody concerned.

Mr. KENNEDY. I have two questions in that connection. One is about the fact that they were not centralized. Certainly they were centralized enough to have Einar Mohn arrange for the withdrawal of the pickets from the facilities of Associated Transport south of New England.

Mr. CONDON. I would take that this way, and, again, I say this purposely, I have no present recollection of all the facts, but I think that those pickets were sent down from New England. They didn't belong to the local union. Let's take an example.

Mr. KENNEDY. Just on my question, Mr. Condon, at least the Teamster president or assistant, Einar Mohn, vice president of the teamsters, was able to get this done.

Mr. CONDON. He would be of some help, but he couldn't settle the strike in Boston.

Mr. KENNEDY. Now, the second point was——

Mr. CONDON. There was no strike here, you understand. There was no strike south of this area.

Mr. KENNEDY. That these truckers have to stick together. Was it not true that the Associated Transport Co. withdrew from the committee and made an arrangement with the teamsters, made a contract with the teamsters?

Mr. CONDON. Do you mean at the time of the Boston strike?

Mr. KENNEDY. Yes.

Were they the ones that broke the line?

Mr. CONDON. I don't know.

Mr. KENNEDY. Was that not the reason that the small truckers were critical, that the Associated Transport Co. walked out after 3 or 4 weeks of negotiations and made a contract, and that this in turn hurt the truckers?

Mr. CONDON. I have no knowledge of that, Mr. Kennedy; I don't even know if it is correct. I assume you must have some foundation for what you say, but I simply don't know.

Mr. KENNEDY. Was this not also done because of the pressure brought by Mr. Roy Fruehauf, who was having difficulties because the strike was continuing?

Mr. CONDON. How would he bring pressure? On whom?

Mr. KENNEDY. Well, the arrangement between Mr. Roy Fruehauf and Mr. Seymour, of the Associated Transport Co. These memorandums are certainly filled with Mr. Roy Fruehauf being concerned about this strike continuing, and the difficulty and problems that it was causing to Roy and Burt.

Mr. CONDON. He was very much concerned; yes.

Mr. KENNEDY. During this period of time, who were you working for, Mr. Condon?

Mr. CONDON. Do you mean of these people mentioned here?

Mr. KENNEDY. Yes.

Mr. CONDON. You understand, we have many clients. We were employed by Fruehauf, we were employed by Associated Transport, and I was general counsel for the ACT Committee. Among the three top directors in the ACT Committee were Dave Beck, Roy Fruehauf, and Burt Seymour.

Mr. KENNEDY. Who were you representing when you wrote these memorandums?

Mr. CONDON. I couldn't answer that.

Mr. KENNEDY. In this memorandum of August 15, 1955, it says:

Mr. Barker telephoned me that he and Roy Fruehauf felt that the Drayton Plains plant should be disposed of unless the labor contract can be made with the teamsters instead of with the CIO. Fruehauf has an offer for the plant. At his request, I plan to go to Detroit some day this week, probably Wednesday, Thursday, or Friday, to confer with him, Rushmer, and with other Fruehauf officials, as to what can be done to get the teamsters in.

Then, August 17, 1955:

Through Mr. Barker it was arranged that the Fruehauf branch in Albany would agree to a joint consent election. This solution is acceptable to both the teamsters headquarters and the Fruehauf labor relations adviser.

Why was Mr. Roy Fruehauf so anxious to have a contract with the teamsters?

Mr. CONDON. You read two different things there. The first relates to a plant that I believe is in Detroit, or somewhere near Detroit, the Drayton Plains plant.

Mr. KENNEDY. Well, I think, generally—

Mr. CONDON. He answered that yesterday, as I recall, and said that he was anxious to see that if he organized that plant, I believe this is what he said, that the teamsters would be represented there instead of their rivals, for whatever function the teamsters performed.

Mr. KENNEDY. There would not be any question about the drivers being there, that they would be teamsters. He wanted the people in the plant to be teamsters also?

Mr. CONDON. No; that wouldn't be logical. I am quite certain—I don't have definite knowledge of this but I am confident that whatever organization of union people that Fruehauf has a contract with would have an area provision, so that if Fruehauf opened a plant anywhere, it would have to use the same union for the same kind of people. That is, machinists would have to be whatever the machinists union is they have a contract with in that area already.

Mr. KENNEDY. This says that they are anxious to have the teamsters instead of the CIO.

Mr. CONDON. It may be that there is a rival union with the teamsters, so far as driving trucks. I don't know. The teamsters have many fields that I am not familiar with.

Mr. KENNEDY. There is no such thing.

Mr. CONDON. Are you sure?

Mr. KENNEDY. There is no drivers union other than the teamsters—

Mr. CONDON. I just don't know. I know that the teamsters union have many parts besides actual truckdrivers who go out and drive along the road. I just don't know, I have no present recollection of all the details in this. But I did hear what Mr. Fruehauf said yesterday and it makes sense to me.

Mr. KENNEDY. You do not remember what Mr. Barker telephoned you and said other than in the memorandum?

Mr. CONDON. There is a letter here—no, you asked me that this morning. This plant was never organized.

The CHAIRMAN. Is there anything further?

(At this point, Senator Ervin withdrew from the hearing room.)

Senator KENNEDY. This August 15 memorandum says that you are going to sell the plant rather than let the CIO organize the plant. What is this about the teamsters in relation to the CIO that would cause Mr. Barker and Fruehauf to say that they are going to sell the plant if they cannot get the teamsters in in place of the CIO?

Mr. CONDON. Senator Kennedy, that, again, brings in something that Mr. Fruehauf testified to yesterday. I don't know. I have no knowledge. I don't know what part of the thousands of people who would be employed in that plant could be teamsters under the normal arrangement within unions and what part could not.

I repeat again I am sure that he couldn't have put anybody in there except in accordance with the contracts that he already had in that area. That is fundamental and basic. I am sure no union would make a contract other than that.

Senator KENNEDY. We are not talking about the preference he might have had. He was going to sell the plant if he doesn't get the teamsters in in place of the CIO. That is a rather strong position, is it not? That is not a question of convenience. He is going to close down if he does not get the teamsters over the CIO union.

Mr. CONDON. I don't know what his problem was.

Senator KENNEDY. You took a major part in this.

Mr. Fruehauf could not tell us anything about any of these memorandums. Mr. Landa says he does not know anything about them.

Mr. CONDON. Well, I prepared them. I will tell you anything I possibly can.

Senator KENNEDY. You tell us, then, if it is possible, why Mr. Barker and Mr. Fruehauf wanted to close down a plant if they could not get the teamsters in in place of a CIO union?

Mr. CONDON. I couldn't answer.

Senator KENNEDY. We have seen this intimate relationship on both sides between the teamsters and the Fruehauf Co. and we have heard Mr. Landa testify that he played attorney for them, and a major role, as a stockholder, in arranging this loan for Mr. Beck personally, and, therefore, we are wondering if, because of this intimate business relationship between Mr. Beck and the Fruehauf Co., they preferred to deal with Mr. Beck as with another union. That is why we are looking into it.

Mr. CONDON. You have inferred that from these facts.

Senator KENNEDY. We are trying to get the information from you. You say you cannot give it. Mr. Landa cannot give it, and Mr. Fruehauf cannot give it. Therefore, we are free to take an inference.

Mr. CONDON. This says Mr. Barker. It is so long ago. Who would know what Mr. Barker had in mind?

Senator KENNEDY. Roy Fruehauf says he does not know, and a copy went to Mr. Landa, and he says he does not know. The last

question is this business of withdrawing the pickets south of New England represented the difference of a loss of \$200,000 a week to the Associated Transport.

You were representing the Associated Transport at that time, were you?

Mr. CONDON. I am not sure, Senator, whether I was directly or not. Sometimes we are on an employed basis and sometimes not.

Senator KENNEDY. That again brings up the question: Do you feel it put Mr. Beck in rather an embarrassing position to be the head of a union which was engaged in strikes with people, from whom he had received a personal and extraordinary loan?

Mr. CONDON. Will you again ask that again, sir?

Senator KENNEDY. Do you feel it places Mr. Beck in a position where inferences can be drawn, if he is the head of a union which is engaged in important and extensive wage negotiations with people from whom he has received an unusual and large personal loan?

Mr. CONDON. Senator, I am going to ask you to excuse me from answering that question by reason of the fact that I was here before in another capacity.

Senator KENNEDY. All right.

That is all.

The CHAIRMAN. Are there any other questions?

If not, thank you very much.

The committee will stand in recess until 10 o'clock in the morning.

(Whereupon, at 3:50 p. m., the committee recessed, to reconvene at 10 a. m., Wednesday, May 15, 1957.)

(Members present at this point: Senators McClellan, Kennedy, McNamara, and Curtis.)

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, MAY 15, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Pat McNamara, Democrat, Michigan; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members present at the convening of the hearing: Senators McClellan, Ives, and Kennedy.)

The CHAIRMAN. Counsel, call your first witness.

Mr. KENNEDY. I will call Mr. Burke, Mr. Chairman.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. BURKE. I do.

## TESTIMONY OF A. M. BURKE

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. BURKE. My name is A. M. Burke. I reside at 725 South Citrus, Los Angeles, and my place of business is in Los Angeles, at 1151 South Broadway, in the Occidental Life Building.

The CHAIRMAN. Have you talked with members of the staff regarding your testimony?

Mr. BURKE. I have, sir.

The CHAIRMAN. You also know that you may have counsel to consult with regarding your rights while you testify? Have you elected to waive counsel?

Mr. BURKE. I have, sir.

The CHAIRMAN. Thank you very much.

All right, counsel may proceed.

I believe he identified his position.

Did you state what your position is?

Mr. BURKE. I am vice president and manager of the mortgage loan department of the Occidental Life Insurance Co.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Now, the Occidental Insurance Company of Los Angeles, that is the name?

Mr. BURKE. The Occidental Life Insurance Company of California at Los Angeles, sir.

Mr. KENNEDY. Does the Occidental Insurance Co. handle some of the insurance of the teamsters union?

Mr. BURKE. They do, sir.

Mr. KENNEDY. Could you describe what they handle?

Mr. BURKE. We handle the life, accident, sickness and hospital and surgery coverage for a part of the teamsters union.

Mr. KENNEDY. Is that the Western Conference of Teamsters, that they handle?

Mr. BURKE. I believe it is, sir.

Mr. KENNEDY. Is that the 11 Western States?

Mr. BURKE. Yes, sir, I believe it is.

Mr. KENNEDY. What are the premiums that are paid? Could you give it to us for the last 3 years, 1954, 1955, and 1956, the premiums that have been made to the Occidental Insurance Co. by the teamsters union?

Mr. BURKE. Yes, sir. In 1954, the annual premium was \$19,882,449; in 1955, the annual premium was \$21,898,109; in 1956, the annual premium was \$25,192,678.

Mr. KENNEDY. What is the insurance that is in force for those premiums?

Mr. BURKE. Mr. Kennedy, there is a slight change from the figures I gave you yesterday. I got those hurriedly over the telephone.

Mr. KENNEDY. That is all right.

Mr. BURKE. While the change is not consequential, there is a slight change.

The insurance in force in 1954 was \$449,287,000.

May I correct it? That is the figure I gave you.

The figure that I received by wire, if you will change that, is \$475,440,000.

The CHAIRMAN. That is for 1954?

Mr. BURKE. Yes sir.

The CHAIRMAN. \$475 million?

Mr. BURKE. Yes, sir. There is a slight increase over what I gave Mr. Kennedy yesterday for 1955, in that it is \$495 million. The insurance in force for 1956 was \$531,004,750.

Mr. KENNEDY. How many policies do you have and what are the number of policies?

Mr. BURKE. 257.

Mr. KENNEDY. In 1956?

Mr. BURKE. In 1956; yes, sir.

Mr. KENNEDY. And approximately the same in 1955 and 1954?

Mr. BURKE. 252 policies in 1954 and 248 policies in 1955.

Mr. KENNEDY. That is the number of policies that are covered by these funds?

Mr. BURKE. That is right; individual policies.

Mr. KENNEDY. Do you know how your premium for insurance in 1956, approximately \$25 million—do you know how that compares with the premiums of other insurance companies in the United States?

Mr. BURKE. Mr. Kennedy, I do not.

Senator IVES. How many policyholders does your company have?

Mr. BURKE. In 1954—how many policyholders, you mean?

Senator IVES. Policyholders: yes.

Mr. BURKE. I don't believe I could answer that, sir.

Senator IVES. Have you no idea at all?

Mr. BURKE. No, sir; it would be in the millions.

Senator IVES. I assume it would, or might be in the millions. It could very easily be. I would think that would be something that you would have on record.

Mr. BURKE. Mr. Senator, my entire connection with Occidental has to do with mortgage loans. I do not function in the other end.

Senator IVES. I am not criticizing you, but you are vice president of Occidental and I would think that as vice president of a company you would know something about the number of policyholders that company has.

Mr. BURKE. I am sorry, I cannot state that.

The CHAIRMAN. You have a record of it: do you not?

Mr. BURKE. Yes, sir.

The CHAIRMAN. Will you get in touch with your company, the home office, and have them advise you by wire and submit that to the committee for its information?

Mr. BURKE. I will before the day passes.

The CHAIRMAN. Thank you.

(The information referred to follows:)

As of December 31, 1956, Occidental Life Insurance Company of California had approximately 4,600,000 individual policies or certificates of coverage in force.

A spot check of the mortgage-loan files of Occidental discloses the following real-estate-mortgage loans to individuals by Occidental:

Date	Name	Amount	Rate
			<i>Percent</i>
November 1950.....	Emma Furst .....	\$45,000	4 $\frac{1}{2}$
Do .....	William H. Andrews.....	52,000	4
Do .....	Harold R. and Aline T. Pauley and other members of the Pauley family.....	600,000	4 $\frac{1}{2}$
December 1950.....	Don and Laura Schafer.....	40,000	4 $\frac{1}{2}$
April 1951.....	Robert O. McCurry and Harold J. McCurry.....	50,000	4 $\frac{1}{2}$
Do .....	Meyer and Tillie Berliner and Samuel W. and Frances Brody.....	31,000	4 $\frac{1}{2}$
Do .....	H. Taylor Peery.....	45,000	4 $\frac{1}{2}$
May 1951.....	Joseph Halprin.....	25,000	5
January 1952.....	Harold and Betty Roach.....	55,000	4 $\frac{1}{2}$
Do .....	Walter and Letta M. Briggs.....	<sup>1</sup> 147,000	4 $\frac{1}{2}$
June 1952.....	Victor and Marguerite Hornung.....	125,000	5
April 1953.....	Frank S. Hofues.....	750,000	6

<sup>1</sup> Later increased to \$187,000.

MAY 15, 1957.

A. M. BURKE.

Mr. KENNEDY. Mr. Burke, how long has your company had the insurance for the 11 Western States?

Mr. BURKE. I think some 15 years.

Mr. KENNEDY. How long have they had the welfare, life, sickness and accident, and welfare policies for the 11 Western States?

Mr. BURKE. I think the same time, although I am not too sure.

Mr. KENNEDY. Do you know how they acquired them originally?

Mr. BURKE. I do not, sir.

Mr. KENNEDY. Mr. Chairman, I have here the interim report of the special subcommittee of the Committee on Education and Labor over in the House, chaired by Congressman McConnell, and it states here or gives a summary of the data reported by insurance companies, on employer-union health and welfare trust funds.

The total premiums for the years 1948 through 1953 for the Occidental Insurance Co. was \$68,490,674.97. The next largest of some 65 different insurance companies, that was the largest of any insurance company and the next largest was the Prudential Insurance Co., which was some \$40,203,868.04.

There is no particular significance, but I thought it should be in the record.

The CHAIRMAN. All right.

Mr. KENNEDY. You have no information, Mr. Burke, as to how this insurance first came to your company, is that right?

Mr. BURKE. I have not, sir.

Mr. KENNEDY. Now has Mr. Dave Beck made any requests of the Occidental Insurance Co., any personal requests of the Occidental Insurance Co., since the Occidental Insurance Co. had the insurance of the Western Conference of Teamsters?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. Namely, did he in 1951 request a loan of some \$273,000?

Mr. BURKE. He did, sir.

Mr. KENNEDY. Was that loan granted?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. Now do you have the financial statement that was placed with you by Mr. Dave Beck at that time?

Mr. BURKE. No, sir.

Mr. KENNEDY. Did you require a financial statement from him?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. What happened to the financial statement?

Mr. BURKE. The financial statement was returned to him on his request.

Mr. KENNEDY. When was that?

Mr. BURKE. I am not too sure when it was. There is no record that we did return it. It seems to me that it was in 1953.

Mr. KENNEDY. Did you keep a copy of the financial statement?

Mr. BURKE. We did not, sir.

Mr. KENNEDY. Is that the usual procedure that you would follow, to make a copy of a financial statement or keep a financial statement of someone who had such a large loan from your company?

Mr. BURKE. Ordinarily we would keep a copy.

Mr. KENNEDY. Do you know why that was not followed in this case?



Mr. BURKE. Yes, sir. The reason that we did not do that was that Mr. Beck or maybe Mr. Wampold, I am not too sure, called one afternoon, called me personally about 4:25 and asked if he could have this financial statement back.

The CHAIRMAN. It was at 4:25?

Mr. BURKE. 4:25 in the afternoon. We close at 4:30.

The CHAIRMAN. I see.

Mr. BURKE. I told him that I didn't know whether I could get it out tonight, and he said it was very imperative that he have it.

I put it in an envelope and mailed it to him that night.

The CHAIRMAN. What was the urgency about it?

Mr. BURKE. He did not tell me, sir.

The CHAIRMAN. Why did you not inquire? You are a business executive, are you not?

Mr. BURKE. Yes, sir. The financial statement, Mr. Chairman, had served its purpose and we had reference to it in the file, and those references are before this committee.

The CHAIRMAN. Had the loan been paid off?

Mr. BURKE. No, sir.

The CHAIRMAN. Well—

Mr. BURKE. Payments were current.

The CHAIRMAN. I understand, but the loan had not been discharged?

Mr. BURKE. No, sir.

The CHAIRMAN. The obligation still existed, or part of the original obligation?

Mr. BURKE. That is right, sir.

The CHAIRMAN. Maybe I do not know business, but is that the way your company operates?

Mr. BURKE. That is the way we did operate, sir.

The CHAIRMAN. In this one instance?

Mr. BURKE. We have done it in other instances, sir. Generally, when a borrower asks to have his financial statement returned, and the loan is current, we do not resist.

The CHAIRMAN. You keep a copy of it, do you not?

Mr. BURKE. Not necessarily, sir. If it was submitted for deposit, we might keep a copy but otherwise not.

The CHAIRMAN. I do not know what they are required for if they are not to be kept as a part of the file and a part of the record of the loan, supporting evidence to show why the loan was granted, and that it was a sound loan and was based upon representations as to the worth and the financial status of the borrower.

I do not know what purpose it would serve if it is not to be kept as a part of the supporting evidence to sustain or support the loan. I am a little puzzled about it.

Senator IVES. I would like to ask Mr. Burke a question.

Mr. Burke, is the Occidental Life Insurance Co. a mutual life-insurance company?

Mr. BURKE. No, sir.

Senator IVES. Is it a stock company?

Mr. BURKE. Yes, sir.

Senator IVES. Does Mr. Beck own any stock in it?

Mr. BURKE. No, sir.

Senator IVES. He never has?

Mr. BURKE. No, sir.

Senator IVES. Thank you.

Mr. KENNEDY. Mr. Chairman, this financial statement takes on particular significance for this committee, and for the Government, the Internal Revenue Department, but here we have a memorandum dated April 12, 1951, and some notes I believe made by Mr. Burke on that financial statement.

I would like to have it identified.

The CHAIRMAN. All right.

Mr. Burke, the Chair presents to you what purports to be a photostatic copy of a memorandum taken from your files, dated April 12, 1951. Will you examine it and state if you recognize it as a photostatic copy of the original?

Mr. BURKE. I do, sir.

The CHAIRMAN. That may be made exhibit 190.

(The document referred to was marked "Exhibit No. 190" for reference and will be found in the appendix on p. 2543.)

Mr. KENNEDY. Mr. Chairman, this is dated April 12, 1951, and it is entitled "Mortgage Loan Department. Borrowers, Dave Beck and Dorothy E. Beck, Husband and Wife," and it discusses the \$273,000 loan. Then it states here:

#### FINANCIAL DATA AND GENERAL INFORMATION

Mr. Beck has for many years held a position as vice president of the international Brotherhood of Teamsters. He declined to give a statement of his salary and benefits from association with the union, stating that he did not draw a large salary, but was quite satisfied because this was his life work.

Then his financial statement shows receipts of \$1,052,716.65. This is the important statement here, Mr. Chairman:

with his only liability being a bank loan of \$234,000 to the Security First National Bank of Seattle.

Then it goes on to say this unsecured note is for 2½ percent. This was during the period of time that Mr. Dave Beck was taking from the union some \$300,000 which he now states was a loan from the union to himself and he states in this financial statement, at least from the notes made on April 1951, on this financial statement of Mr. Beck that his only liability was a loan from the bank. He mentions nothing about any loans from any union that he had at the time.

The CHAIRMAN. What is the date of that loan? Let us relate it to this memorandum.

Mr. BURKE. I think, sir, the date of the note is March 12, 1951.

The CHAIRMAN. That is 1 month prior to this memorandum?

Mr. BURKE. That is right.

The CHAIRMAN. So that in March of 1951 he claimed he had—you took this information from his financial statement, I assume?

Mr. BURKE. That is right, sir.

The CHAIRMAN. He claimed to have owed only how much? It was \$234,000 and that is to one bank?

Mr. BURKE. That is right.

The CHAIRMAN. That deducted from \$1,052,000 left a net worth of what, \$820,000 in round numbers?

Mr. BURKE. It seems to me it was more than that, but that could be right. I thought it was \$1 million. It might be that you are right.

(At this point, Senator McNamara entered the hearing room.)

The CHAIRMAN. Maybe it was, if we had the original statement here.

Mr. BURKE. I would not know, sir.

The CHAIRMAN. In other words, \$820,000 is a little bit conservative, you think?

Mr. BURKE. It is a little bit conservative, but it is a lot of money, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Senator KENNEDY. I would like to ask the counsel: Did he ask for that bank statement and was this at a time when the income-tax people were investigating him?

Mr. KENNEDY. Do you know whether it was 1953 or 1954, Mr. Burke, when Mr. Beck asked for the financial statement?

Mr. BURKE. I cannot be sure whether it was 1953 or 1954, sir.

The CHAIRMAN. Did you not place some notation in file that it was withdrawn at his request and the date of the withdrawal of it?

Mr. BURKE. It seems to me that I did, but I cannot find any reference where I did.

The CHAIRMAN. That would be the normal thing for you to do: would it not?

Mr. BURKE. It would be the normal thing for me to do, as your people will tell you, to make penciled notes, but I do not find that I did. I cannot find it and I have looked for it.

Senator KENNEDY. It would appear that Mr. Beck wanted this statement right away and it was probably because the income-tax people were investigating him at this time.

Mr. KENNEDY. At least they started the investigation at the end of December of 1953, and their first conference with Mr. Beck was in March of 1954.

Of course, this financial statement would have been of great value to them and of great value to this committee because it would have shown in his own writing or signed by him that the only liability that he had was this loan from the bank.

Senator KENNEDY. And, therefore, the money that he now states he took from the teamsters in the form of a loan was not listed in the records here as a loan.

Mr. KENNEDY. And it would, therefore, appear that that money was stolen rather than borrowed.

Senator KENNEDY. Therefore, as Mr. Brewster stated also, who had great responsibility in this field, he also said he was not aware it was a loan. This would be substantiating information which would indicate that Mr. Beck in his financial statement did not regard it as a liability and, therefore, we would have to draw the conclusion that he did not regard it as a liability, but instead had taken it for his own personal use.

Mr. KENNEDY. That is correct.

Mr. Burke, you are not questioning any of the figures that you made in this memorandum, are you?

Mr. BURKE. No, sir.

Mr. KENNEDY. In answer to the Chairman's question about what you felt was his worth, you said that you thought maybe it was \$1 million rather than \$800,000. You are not questioning the figures in here?

Mr. BURKE. No, sir.

Mr. KENNEDY. You say these are accurate?

Mr. BURKE. Yes, sir, those were made at the time and my memory could well be wrong.

Mr. KENNEDY. Mr. Chairman, we also have another memorandum dated March 14, 1955, regarding this \$273,000, which I would like to have Mr. Burke identify.

(Senator Ervin entered the hearing room at this point.)

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of a memorandum dated March 14, 1955, and signed by you, addressed to Mr. H. W. Brower, president of the Occidental Life Insurance Co.

Will you examine this document and see if you identify it?

(A document was handed to the witness.)

Mr. BURKE. I do, sir.

The CHAIRMAN. It may be made exhibit 191.

(The document referred to was marked "Exhibit No. 191" for reference and will be found in the appendix on pp. 2544-2545.)

Mr. KENNEDY. Mr. Chairman, in this statement Mr. Beck has stated that—

the only indebtedness he has outstanding in addition to that he owes Occidental, is the mentioned loan to the bank in the amount of \$200,000.

Now, this again takes on significance because this is dated March 14, 1955, and Mr. Beck following this date, subsequent to this date, returned another \$70,000 to the union, which he stated was \$70,000 that he had owed to the union and had not repaid.

Yet, in this statement that he made to the Occidental Life Insurance Co., still it makes no mention of that.

The CHAIRMAN. This document that you identified, which has been marked as "Exhibit 190," is a report on an interview you had with Mr. Beck, is it?

Mr. BURKE. That is right, sir.

The CHAIRMAN. You had an interview with him and then you made a memorandum of the information he gave you?

Mr. BURKE. That is right, sir.

The CHAIRMAN. And the status of his loan, and so forth, at the time?

Mr. BURKE. That is right, sir.

The CHAIRMAN. And at that time, he claimed he only owed \$200,000, is that right?

Mr. BURKE. That is right, sir.

The CHAIRMAN. And to the same bank we referred to a while ago?

Mr. BURKE. I am not too sure about who the debt was to.

The CHAIRMAN. The Seattle First National Bank, that is the same one, I believe.

Mr. BURKE. Yes, sir.

The CHAIRMAN. At that time he claimed the loan had been paid down to the amount of \$200,000. Again he did not report to you that he owed the Teamsters Union International anything, did he?

Mr. BURKE. He did not, sir.

The CHAIRMAN. Or the Western Conference?

Mr. BURKE. He did not, sir.

The CHAIRMAN. Or that he had been borrowing from the union?

Mr. BURKE. He did not, sir.

The CHAIRMAN. Or that he ever owed the union anything?

Mr. BURKE. He did not, sir.

The CHAIRMAN. In other words, he withheld all of that information from you?

Mr. BURKE. He did, sir.

Mr. KENNEDY. Now, Mr. Burke, at that time you received, when the loan was made in 1951, some collateral for the loan, did you not?

Mr. BURKE. That is right.

Mr. KENNEDY. That was about \$400,000 that you had in collateral?

Mr. BURKE. The collateral totaled, and in speaking of the collateral the real estate as we appraised it totaled \$415,400.

Mr. KENNEDY. Mr. Chairman, this is a copy of the appraisal, if we could have it made an exhibit for reference for our use.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of the appraisal of the property made by the Occidental Insurance Co., and will you examine it and state whether you identify it, please?

(A document was handed to the witness.)

Mr. BURKE. Without going through each individual item, I feel confident that these are photostatic copies of the appraisals in our records.

The CHAIRMAN. All right. That will be made exhibit 192 for reference only. It will not be published in the record.

(The document referred to was marked "Exhibit No. 192" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, Beck's home at that time, you appraised that and that was one of the pieces of property that was appraised and it was appraised at \$100,000, is that correct?

Mr. BURKE. That is right, sir.

The CHAIRMAN. Is that the same home? What is the date of that appraisal?

Mr. KENNEDY. January 21, 1951, Mr. Chairman.

The CHAIRMAN. What is the date of that appraisal?

Mr. KENNEDY. January 25, 1951.

The CHAIRMAN. The date of that appraisal, your report shows, was January 25, 1951?

Mr. BURKE. That is right, sir.

The CHAIRMAN. At that time you appraised the Beck home at \$100,000?

Mr. BURKE. Yes, sir.

The CHAIRMAN. That is the same one that he sold to the union for \$163,000?

Mr. BURKE. Yes, sir; with the exception I am quite certain, that in behind that home there was a lot on which some of the improvement on this home slopped over and there was a small portion that was released in addition to this piece of security.

The CHAIRMAN. Did you appraise all of his property there, including that in his home, all of the houses and land that he owned in that block?

Mr. BURKE. No, sir.

The CHAIRMAN. Only the house?

Mr. BURKE. Only the house.

The CHAIRMAN. Only the residence?

Mr. BURKE. That is right, sir.

Mr. KENNEDY. How do you know that this additional part was included in the appraisal by the union when they paid \$163,000?

Mr. BURKE. I do not know, sir, except we released it at that time.

Mr. KENNEDY. I thought you testified that the property as purchased by the union was a little bigger or there were some improvements in it.

Mr. BURKE. I presume that the property that was purchased by the union was that that we released.

Mr. KENNEDY. Was exactly the same, you mean?

Mr. BURKE. I couldn't testify as to that. I didn't see the deed, and I don't know what he sold.

Mr. KENNEDY. I thought you did testify in answer to the chairman's question that the property was larger, and you started to describe that the property in back was included when it had not been in your appraisal.

Mr. BURKE. I did not mean to mislead the chairman in that.

Mr. KENNEDY. You have no knowledge on that at all?

Mr. BURKE. I have no knowledge of what he sold to the union.

Mr. KENNEDY. Now, how much is outstanding on that loan of \$273,000 at the present time?

Mr. BURKE. \$94,185.99.

Mr. KENNEDY. Would the 3½-percent interest in 1951 be considered quite reasonable?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. What were you charging ordinarily in 1951, as far as interest was concerned?

Mr. BURKE. Interest rates to the best of my recollection ran from 3½ to 5 percent depending upon the collateral and the borrower.

Senator IVES. Could I ask a question there.

Mr. BURKE. What were you charging your policyholders for loans?

Mr. BURKE. I think the same as today, about 6 percent.

Senator IVES. You were charging 6 percent at that time?

Mr. BURKE. Yes, sir.

Senator IVES. And the loan to Mr. Beck for 3½ percent?

Mr. BURKE. Yes, sir.

Senator IVES. Thank you.

Mr. KENNEDY. Did the Occidental Insurance Co. ever make a loan as large as this, to any other individual?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. When was that?

Mr. BURKE. It could have been before or it could have been after. I am not too sure of the particular loan I have in mind.

Mr. KENNEDY. Do you have just one loan in mind?

Mr. BURKE. No, I have other loans, but I am sure we have other loans, but one in particular so that I could answer your question. Yes, sir, we have.

Mr. KENNEDY. What was the interest rate on that loan?

Mr. BURKE. I would have to reach for that, but I think it was probably 4½ percent or maybe 5 percent, and I think 4½ percent.

Mr. KENNEDY. How much was that loan?

Mr. BURKE. A half million dollars.

Mr. KENNEDY. We do not want to bring in the name of some party that has nothing to do with the hearings, but maybe Mr. Burke, after the hearing is finished, could find us the name of that individual.

The CHAIRMAN. You may supply the name for the information of the committee, and it will not necessarily go in the record, and we are not trying to embarrass other people who are operating legitimately, and so forth.

Mr. BURKE. I will do so, sir.

The CHAIRMAN. We simply want to make a comparison of treatment accorded in these matters.

Senator KENNEDY. Why did you give that  $3\frac{1}{2}$  percent while customarily it was 5 and 6 percent, to Mr. Beck?

Mr. BURKE. That was the lowest interest that we felt at that time we could give a policyholder and a good customer.

Senator KENNEDY. What do you mean by a good customer?

Mr. BURKE. The Teamsters Union of which Mr. Beck is a high officer is a very large case. Mr. Beck individually has a lot of insurance with us, and we would afford that same treatment to any good policyholder and customer.

Senator KENNEDY. Was the  $3\frac{1}{2}$  percent due to the fact that Mr. Beck personally had a lot of insurance with you, or that the teamsters did?

Mr. BURKE. It was primarily that he personally had a lot of insurance with us, primarily.

Senator KENNEDY. How much was that?

Mr. BURKE. I cannot tell you that. I am sure that the file will show. I am certain that at the time we granted this loan, the cash surrender value of that policy was \$45,000 and some cents.

Senator KENNEDY. Is that a lot?

Mr. BURKE. That to me is a lot; yes, sir; and it is quite a lot of insurance, cash surrender value on an individual policy.

Senator KENNEDY. Well now, what was the Teamsters Union's business with you? We are trying to get it comparative. How much were they? How many millions did that involve?

Mr. BURKE. I don't believe I can testify to that, but I think it is in one of those memorandums as to what that case meant to us.

Senator KENNEDY. That would show about \$20 million?

Mr. BURKE. That is right.

Senator KENNEDY. It would seem to me that it was the teamsters that were the good customers and not so much Mr. Beck, is that not right? Were you not giving it because of the business that Mr. Beck had directed to you in behalf of the teamsters, rather than because of Mr. Beck's cash value, in Mr. Beck's own policy?

Mr. BURKE. I don't believe so, Mr. Kennedy.

Senator KENNEDY. Would you say it was equally?

Mr. BURKE. It could be; yes.

Senator KENNEDY. You mean it was or wasn't?

Mr. BURKE. It could be equally, the two taken together would influence us in giving the best rate we could at that time.

Senator KENNEDY. Now, is there anyone else, a similar borrowing situation, who got that low interest rate?

Mr. BURKE. During the same month we granted this loan, we made 163 other loans on which we netted  $3\frac{1}{2}$  percent. That is before home office expense.

Senator KENNEDY. To individuals?

Mr. BURKE. To individuals; yes, sir.

Senator KENNEDY. So that that was your average rate during that month, and not 5 or 6 percent?

Mr. BURKE. That is right. That was not our average rate; no. That was not our average rate.

Senator KENNEDY. I don't understand what this average means, then. You testified before that your rates were around  $4\frac{1}{2}$ , 5, to 6 percent. What do you mean by your average rate in that month was only  $3\frac{1}{2}$  percent?

Mr. BURKE. The average rate would have to be taken from all of the loans that we made in the month in order to get that average rate. I can give you that figure if you would like it, sir.

Senator KENNEDY. How many were less than  $3\frac{1}{2}$  percent?

Mr. BURKE. None.

Senator KENNEDY. How can the average be, if most of your loans were  $4\frac{1}{2}$ , or 5, or 6, how can the average be just  $3\frac{1}{2}$  percents? Are you talking about people who defaulted, is that how you reach your average? How do you reach your average?

Mr. BURKE. Let me not get you confused, or get me all confused. In May of 1951, we made 642 loans. Thirty-two of these—may I correct that, and go back to March, rather than May, please.

The CHAIRMAN. Let us deal with March first.

Mr. BURKE. In March of 1951, we made 854 loans in our mortgage-loan department. The net on these loans before home office expense was 4.04, or just a trifle over 4 percent. 163 of these loans netted us  $3\frac{1}{2}$  percent, 271 netted us  $3\frac{3}{4}$ , 153 netted us  $4\frac{1}{4}$  percent.

Senator KENNEDY. Is that the rate on the loans or your earnings?

Mr. BURKE. No; that is what we netted.

Senator KENNEDY. Now, what is the rate on those loans?

Mr. BURKE. Shall I finish this?

Senator KENNEDY. I am not interested so much in the net as I am in the rate, and if you have the figure of  $3\frac{1}{2}$  on Mr. Beck's loans as the rate, what is the rate of these March loans, these 854? What is your average?

Mr. BURKE. One loan, the note rate was  $3\frac{1}{2}$  percent, which was Mr. Beck's loan, and 163 of them were 4 percent. 234 of them were  $4\frac{1}{4}$  percent, and 228 of them were 5 percent, and 8 of them were  $5\frac{1}{2}$  percent, and 1 was at 6 percent.

Senator IVES. May I ask a question there?

Mr. Burke, how many of these loans were for policyholders' loans, made to policyholders? How many of them were?

Mr. BURKE. I question if very many were.

Senator IVES. Were any of them?

Mr. BURKE. I would not know, sir.

Senator IVES. I just want to clear up one thing. You told me all of your loan policyholders were 6 percent when I asked you that question. Now you are giving these other percentages, and so if you have a single policyholder here you were not right in the first instance.

Mr. BURKE. Please don't let me get you confused.

Senator KENNEDY. I am confused.

Mr. BURKE. I want to straighten it out immediately.

When you speak of policy loans, those are loans on an insured and not real-estate loans. These are real-estate loans.

Senator IVES. That is what I want to get clear, what these are.



The CHAIRMAN. Your 6 percent that you spoke of, was where you loaned on the policy?

Mr. BURKE. That is right, sir.

The CHAIRMAN. These other loans, they may be policyholders, but you are making loans on other securities.

Mr. BURKE. Thank you, sir.

The CHAIRMAN. Is that correct?

Mr. BURKE. That is correct.

Senator KENNEDY. In the month of March, Mr. Beck was the only loan that got  $3\frac{1}{2}$  percent?

Mr. BURKE. That is right, sir.

Senator KENNEDY. Out of 854 loans, in the month of March; is that correct?

Mr. BURKE. That is right, sir.

Senator KENNEDY. He was the only one who got the  $3\frac{1}{2}$  percent, and everybody paid more than Mr. Beck?

Mr. BURKE. That is right, sir.

Senator KENNEDY. And the reason Mr. Beck got that loan was a combination of the fact that the teamsters union was a customer, and he himself was a customer?

Mr. BURKE. And the additional fact that we did not have to pay a finder's fee, and did not pay any service charge on it.

Senator KENNEDY. I think it is interesting that everybody is so anxious to do Mr. Beck a good turn. Here out of 850 loans of this company in March, only Mr. Beck gets  $3\frac{1}{2}$  percent. Don't you think that is odd?

Mr. BURKE. It is a circumstance. I do not believe any other policyholder or any other person that we would have wanted to have made a rate came to us in that particular month, sir. I think it is odd.

Senator KENNEDY. Thank you.

Mr. KENNEDY. Just again, how many loans were there during that month? I think there is a question about it.

Mr. BURKE. 854 during the month of March 1951, sir.

Mr. KENNEDY. Was that the breakdown, that you gave us, numbered 854?

Mr. BURKE. I started to read, if you will remember, the month of May of 1951, which is the time the other loan was closed.

Mr. KENNEDY. After this loan that you made for \$273,000 was made, for Mr. Dave Beck, I might say that in 1950, the premiums paid to the Occidental Insurance Co. was \$6,470,976.72. In 1951, \$6,355,799.54. That was the year of the loan.

The year following the loan, the premiums paid were \$17,204,200.87. Now, did you make a second loan to Mr. Dave Beck?

Mr. BURKE. We did, sir.

Mr. KENNEDY. During that same year?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. For \$40,000?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. That again was for  $3\frac{1}{2}$  percent?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. What was the date of that loan?

Mr. BURKE. April 16, 1951.

Mr. KENNEDY. What was the date of it?

Mr. BURKE. April 16, 1951.

Mr. KENNEDY. Now, did Mr. Beck again put up some property as collateral on that loan?

Mr. BURKE. He did, sir.

Mr. KENNEDY. Was one of the pieces of property some property that he purchased for \$14,000?

Mr. BURKE. That I wouldn't know, sir.

Mr. KENNEDY. Do you have a description there of the property?

Mr. BURKE. I don't believe I do, Mr. Kennedy.

There were three parcels, and I believe we furnished photostatic copies of the appraisals.

Mr. KENNEDY. Did you understand that one of the pieces of property there had been a mortgage on the property, and it was held by Mr. Nathan Shefferman?

Mr. BURKE. No, sir.

Mr. KENNEDY. You don't have any information on that?

Mr. BURKE. No, sir. I never heard of that gentleman until I heard part of this testimony.

Mr. KENNEDY. You didn't receive a notification from Mr. Shefferman that the mortgage had been fully satisfied and paid?

Mr. BURKE. I did not, sir.

Mr. KENNEDY. Now, did Mr. Beck in addition to the request for the 2 loans at 3½-percent interest, did he make any other requests of you?

Mr. BURKE. He did, sir.

Mr. KENNEDY. Did he ask you to appraise a piece of property in Los Angeles?

Mr. BURKE. Several pieces of property, sir.

Mr. KENNEDY. First he asked you to appraise the Union Avenue property?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. When was that, and what was the date of that?

Mr. BURKE. On February 20, I believe it was, 1952.

Mr. KENNEDY. Mr. Chairman, could we get this letter identified?

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of a letter from Dave Beck dated February 28, 1952, to Mr. Tom Hession, assistant manager of real-estate department, of Occidental. Will you examine the document and state if you identify it?

Mr. BURKE. I do, sir.

The CHAIRMAN. That letter may be made exhibit 193.

(The document referred to follows.)

Mr. KENNEDY. It is a letter dated February 28, 1952, and addressed to Mr. Hession, who works with you; is that correct?

Mr. BURKE. He is my assistant, sir.

Mr. KENNEDY. It is signed by Dave Beck, and reads:

DEAR MR. HESSION: I am in receipt of a letter from Mr. Burke outlining action as regards the acquisition of property at 84143½ South Union Avenue. I would appreciate your following through for the securing of this property, in harmony with the option, and will complete the transaction whenever you can bring it about.

This is the important part:

I do not want anyone in Los Angeles to know that I am dealing on this property, and by that I mean no one—

“no one” being underlined—

and so I would appreciate your handling it with strictest confidence and without discussion with anyone whomsoever.

I am also interested in acquiring the properties north of the Teamster Union Building and will appreciate any information you can give me in addition to that already sent by Mr. Burke. I do note in the letter that the owner of the property which we are attempting to close for has two pieces in the block across the street. I wonder if they are the two pieces of property across the alley directly adjoining the property of the teamster organization?

I would appreciate your getting this information for me, and anything you might do to keep me in touch with it. I will fly to Los Angeles or send someone down if it appears that I can pick up at a proper price, any of the lots north of the Teamster Building, to the corner of Seventh, and preferably lot by lot, as it would complete the expansion program of the teamster organization.

Now, did you understand that Mr. Beck was interested in this property for the teamster organization?

Mr. BURKE. I did, sir.

Mr. KENNEDY. Did he go on to request that you arrange that this particular piece of property be purchased in someone else's name?

Mr. BURKE. He did, sir.

Mr. KENNEDY. And did you go ahead and do that?

Mr. BURKE. I did, sir.

Mr. KENNEDY. And was the property purchased in someone else's name?

Mr. BURKE. It was, sir.

Mr. KENNEDY. In whose name was it purchased?

Mr. BURKE. C. J. Lick.

Mr. KENNEDY. Then did you arrange the insurance for the property?

Mr. BURKE. I did.

Mr. KENNEDY. And you arranged for the utilities on the property?

Mr. BURKE. I did, sir.

Mr. KENNEDY. And so this service that you undertook for Mr. Beck took some period of time; is that right?

Mr. BURKE. That is right.

Mr. KENNEDY. Was any charge made to Mr. Beck for that?

Mr. BURKE. No, sir.

The CHAIRMAN. What would be a proper charge for the services?

Mr. BURKE. That would be an accommodation that we would do for any bank or insurance company, and any insurance company and bank might do for us. There would be no charge for it, except out-of-pocket expense.

The CHAIRMAN. What is that?

Mr. BURKE. Except out-of-pocket expense. If we would send a man and he would have to have a hotel room, and so forth, we would expect to be reimbursed for it.

Mr. KENNEDY. Was this property ultimately sold? This is still back in 1952. Was this property ultimately sold to Mr. Miller?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. An arrangement was made with Mr. Miller?

Mr. BURKE. In that same escrow, sir.

Mr. KENNEDY. That property was sold for \$25,000?

Mr. BURKE. That property was purchased by Mr. Lick as nominee for \$25,000.

Mr. KENNEDY. And Mr. Chairman, the records show that the property was actually owned by Mr. Beck, and Mr. Beck sold that same property to the teamsters union, in December of 1952 for \$30,000.

The CHAIRMAN. Do you know about that transaction?

Mr. BURKE. I do not know about that transaction, Mr. Chairman. In the escrow, we—and I say we—Mr. Lick deeded the property to a Mr. Miller, I believe it was, at Seattle, for the same consideration that he acquired it from the borrower.

The CHAIRMAN. That is \$25,000?

Mr. BURKE. Yes, sir; that is right, sir.

The CHAIRMAN. Again Mr. Beck just charged his union \$5,000 for his services in getting the property?

Mr. BURKE. Apparently so.

Senator McNAMARA. Do our records disclose whether or not there was a Mr. Miller, or was that an assumed name?

Mr. KENNEDY. Mr. Beck purchased a number of lots of property under Mr. Miller's name.

Senator McNAMARA. There is a Mr. Miller, and what was his relationship with Mr. Beck? Does the witness know?

Mr. KENNEDY. He is a real-estate agent in Seattle, I believe. He handled as I say some other transaction, and this transaction, real-estate transactions, for Mr. Beck.

Senator McNAMARA. Thank you.

Mr. KENNEDY. Did you understand that Mr. Simon Wampold also owned some property surrounding the Teamsters Building in Los Angeles?

Mr. BURKE. No, sir.

The CHAIRMAN. I present to you what purports to be a photostatic copy of a letter from you to Mr. John F. Miller, dated April 16, 1952, and ask you to identify it, please, sir.

(Document was handed to the witness.)

Mr. BURKE. I do, sir.

The CHAIRMAN. That is a photostatic copy of the carbon copy in your file?

Mr. BURKE. That is, sir.

The CHAIRMAN. That may be made exhibit No. 194.

(The document referred to was marked "Exhibit No. 194" for reference, and will be found in the appendix on p. 2546.)

Mr. KENNEDY. I have a question that I wanted to ask about this. There is a note down at the bottom of the letter dated April 16, 1952, to Mr. John F. Miller, and signed by Mr. Burke, and a copy to Simon Wampold, and then a note to Simon Wampold:

DEAR SI: When I was out on this property last evening, I noted that the property at 837 South Union was vacant. I understand that you recently acquired this, and I found a number of youngsters in there playing.

What is that property?

Mr. BURKE. I think that reference has to do to the teamsters owning that piece of property, and not Si Wampold.

Mr. KENNEDY. Why would you notify Si Wampold about it?

Mr. BURKE. He was my communication on many occasions with Mr. Beck. He acted as his business adviser, and counsel and counsellor.

Mr. KENNEDY. Couldn't you have just notified the teamsters organization in Los Angeles?

Mr. BURKE. I never have had any contact with anyone there.

Mr. KENNEDY. If they owned this property, they would be aware of the fact it wasn't being kept up properly, would they not?

Mr. BURKE. Mr. Kennedy, may I clear a little bit there?

Mr. KENNEDY. Let me read the rest of this note.

I understand you recently acquired this, and I found a number of youngsters in there playing. Both the front and back doors and one window were open and I attempted to close them. However there was a pane of glass out and I would anticipate they went back in as soon as I left.

Incidentally, in the property acquired by Mr. Miller I understand one of the tenants has moved and another contemplates moving. There is some friction between other tenants. It may be that you are too concerned as to occupancy, but in any event I thought I would pass this information on to you for whatever it is worth.

Best regards,

BURKE.

This is a property that adjoined the teamster headquarters; is it not?

Mr. BURKE. It is across the street from it.

Mr. KENNEDY. If the teamsters owned the property, they would know whether there were children running in and out of the building and you would not have to notify Mr. Wampold.

Mr. BURKE. Except on one occasion, I never have had any contact with anybody in the Los Angeles Teamsters Union.

Mr. KENNEDY. Why would you have to write Mr. Simon Wampold in Seattle there were children running in and out of a building that was owned by the teamsters in Los Angeles, and which was right across the street, and any teamster that came in could see that it wasn't being kept up properly.

Mr. BURKE. I don't think that there is any significance to that, Mr. Kennedy. I was writing the letter and I just gave him what would be quite a normal report.

Mr. KENNEDY. Did you understand that this property was in fact owned by Simon Wampold as an individual?

Mr. BURKE. I don't think that he owned any property.

Mr. KENNEDY. You never understood that at all?

Mr. BURKE. No, sir.

Mr. KENNEDY. All right.

Now, did you appraise some other property for Mr. Dave Beck?

Mr. BURKE. We did, sir.

Mr. KENNEDY. You appraised a property called the Vista Del Mar property?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. Now, Mr. Beck wrote you and said that he wanted to find out what the worth of that property was.

Mr. BURKE. I can't be sure. He told me when he was asked in the office if I would have an appraisal made.

Mr. KENNEDY. And you had the appraisal made?

Mr. BURKE. I did, sir.

Mr. KENNEDY. And was any charge made to Mr. Beck?

Mr. BURKE. No, sir.

Mr. KENNEDY. Do you know what was done on that property?

Mr. BURKE. No, sir.

Mr. KENNEDY. Did you also offer to make a loan on the property?

Mr. BURKE. I don't believe so.

(At this point Senators Goldwater and Curtis entered the hearing room.)

Mr. KENNEDY. Did you discuss making a loan on the property?

Mr. BURKE. It is very possible that I did, but I don't remember.

Mr. KENNEDY. You don't know whether it was actually agreed to?

Mr. BURKE. I am certain we did not make a loan.

Mr. KENNEDY. There is a letter, Mr. Chairman, if we could have these documents again made documents for reference, and there is a letter there that indicates that you discussed a loan.

Mr. BURKE. Yes.

The CHAIRMAN. I present to you a photostatic copy of a letter from yourself to Mr. Dave Beck, on April 18, 1952, with attached documents, and ask you to examine it and state if you identify it.

(Documents were handed to the witness.)

Mr. BURKE. I do, sir.

The CHAIRMAN. That may be made exhibit No. 195.

(The document referred to was marked "Exhibit No. 195" for reference and will be found in the appendix on pp. 2547-2550.)

Mr. KENNEDY. Mr. Burke, we had some testimony the other day about a meeting that Mr. Loomis stated he attended down in Los Angeles regarding the Lanphar mortgages that were being purchased. That was in 1953, I believe.

Mr. BURKE. That is right, sir.

Mr. KENNEDY. At that meeting, it was indicated that Mr. Dave Beck was going to receive a commission or kickback in the Lanphar mortgages, and that Mr. Beck was going to be part of a setup in the National Mortgage Co. Do you remember any discussions on that?

Mr. BURKE. I do remember discussions, not exactly as stated.

Mr. KENNEDY. Do you remember any discussions about Mr. Beck being mentioned?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. In what connection?

Mr. BURKE. Mr. Hedlund, I then thought, was trying to impress me with his alleged alliance with Mr. Beck.

Mr. KENNEDY. What did he state at that time?

Mr. BURKE. It is awfully hard to go back and pick up a conversation that far back, but I think Mr. Loomis' testimony was very fair, that a lot of mortgage-loan talk was kicked around, and——

Mr. KENNEDY. But you do not remember the details of it?

Mr. BURKE. Not too clearly, sir.

Mr. KENNEDY. Mr. Burke, also, was there an approach made to you, another request made to you, to make a loan to Criterion Films?

Mr. BURKE. There was, sir.

Mr. KENNEDY. Were you interested initially in making that loan to Criterion Films.

Mr. BURKE. We were not, sir.

Mr. KENNEDY. And then did Mr. Sherman Stephens, secretary-treasurer of the National Mortgage Co., who was also interested in Criterion Films, did he write you a letter dated January 13, 1955, and state as follows—Mr. Chairman?

The CHAIRMAN. I present to you the original, what purports to be the original, of a letter from Mr. Sherman S. Stephens, of the National Mortgage, Inc., addressed to the Occidental Life Insurance Company of California, dated January 13, 1955, and ask you to examine it and see if you identify it as the original letter that your company received.

(Document handed to witness.)

Mr. BURKE. I do, sir.

The CHAIRMAN. It may be made exhibit 196.

(The document referred to was marked "Exhibit No. 196," for reference and will be found in the appendix on pp. 2551-2552.)

Mr. KENNEDY. I will read excerpts from this letter, Mr. Chairman, dated January 13, 1955:

DEAR MR. HESSION: During my various visits with you at your home office, I believe it was quite thoroughly understood between the two of us and the others of your company that you would not be interested at this time in any conventional loans. The enclosed offering, however, is submitted to you regardless of that understanding for various reasons. First, I personally believe it to be a very good loan. Second, it is on terms that I feel should be attractive to your company. Third, I believe it is of extra value to you because of some of the stockholders of the corporation. I want to call specifically to your attention that Mr. Dave Beck, International Teamsters Union, is one of the principal stockholders of the company.

Then the letter goes on describing the loan.

(At this point, Senator Mundt entered the hearing room.)

Mr. KENNEDY. Did the Occidental Insurance Co. subsequently decide to make the loan to Criterion Films?

Mr. BURKE. They did, sir.

Mr. KENNEDY. Here is another letter dated January 17, 1955, Mr. Chairman.

The CHAIRMAN. I present to you what purports to be a photostatic copy of a letter from Mr. Thomas S. Hession to Mr. Sherman S. Stephens, dated January 17, 1955, and ask you to examine it and see if you identify it.

(Document handed to witness.)

Mr. BURKE. I do, sir.

The CHAIRMAN. That may be made exhibit 197.

(The letter referred to follows.)

Mr. KENNEDY. The letter dated January 17, 1955, to the Occidental Life, signed Tom Hession reads:

Re The Criterion Films, Inc.

DEAR MR. STEPHENS: I have looked over the material furnished in connection with the above loan application and reviewed it briefly with our loan committee. At this time the committee is not anxious to initiate a conventional loan program in Seattle. While the above loan may be a sound reason, we would not prefer to have only one conventional loan of this size in your city. It would require setting up a special bank account for conventional loan trust funds separate from the FHA account and considerable special handling. The building appears to be well located and of a type with functional flexibility. However, in view of the nature of the borrowing corporation business and its limited history of earnings, we would probably require personal guarantees of some of the principals on a loan of this type. If it is your desire that we give further consideration to this loan, please advise us if such guarantees would be forthcoming.

(Signed) THOMAS HESSION.

Then there is a note down here:

Made personal contact in Los Angeles re this, February 7. They will let us know soon—

and this note is signed by Hession.

Following that, this personal contact, did the Occidental Insurance Co. decide to make this loan?

Mr. BURKE. We did decide to make it.

Mr. KENNEDY. Was this based, again, on the item No. 3 that Mr. Hession points out and Mr. Stephens points out, that Mr. Dave Beck was a leading stockholder in Criterion Films?

Mr. BURKE. I don't believe that was the whole deciding point, but it probably did have an influence.

Mr. KENNEDY. So you agreed to make the loan of \$24,000, although it had been turned down originally, you agreed to make the loan of \$24,000 to Criterion Films?

Mr. BURKE. That is right, sir.

Mr. KENNEDY. And you feel it was based at least in some part on the fact that Mr. Dave Beck was a principal stockholder?

Mr. BURKE. That is right.

Mr. KENNEDY. Ultimately, in turn, Criterion Films did not go through with the loan, is that right?

Mr. BURKE. That is right.

Mr. KENNEDY. So the loan was never made?

Mr. BURKE. That is right.

(At this point, Senators Ives and Goldwater withdrew from the hearing room.)

Mr. KENNEDY. Did you understand that the Criterion Films had rented property, rented the building that they were in, from 1949 through 1952 on the basis of a rent of \$450, with the understanding from their landlord that this \$450 would be applied to the purchase price of the property?

Mr. BURKE. I believe that is a fact.

Mr. KENNEDY. And did you understand then that when 1951 came along they tried to purchase the property and could not raise the money at that time, 1951 or 1952, they could not raise the money at that time, and Mr. Dave Beck stepped in and purchased the property?

Mr. BURKE. No, sir; I did not understand that.

Mr. KENNEDY. Did you understand that Mr. Beck purchased the property but did not purchase it in his own name, but purchased it in the name of Mr. Jack Stackpool, who was a teamster official?

Mr. BURKE. No, sir; I didn't understand that.

Mr. KENNEDY. And that the rent from the Criterion Films Co. continued at the rate of \$450 a month although it was no longer applied to the purchase price?

Mr. BURKE. I had no such information before me.

Mr. KENNEDY. Then did you understand when the Criterion Films came to you people and tried to get this loan in order to purchase the property, of \$24,000, that they were stopped from getting the loan by Mr. Dave Beck?

Mr. BURKE. No, sir; I did not know that.

Mr. KENNEDY. Did you understand what the circumstances were that made Criterion Films refuse to take the loan after they made the application for it?

Mr. BURKE. No, sir. I never heard from National Mortgage after I was advised that they did not wish to accept our loan.

Mr. KENNEDY. Mr. Chairman, we have some evidence here that shows that Mr. Beck was the one that turned the approval for the loan down, that for that reason the loan was never received from the Occidental Insurance Co.

The CHAIRMAN. Do you mean after the Occidental had approved the loan, Mr. Beck refused to sign as borrower?

Mr. KENNEDY. Because of the arrangement that he had, being the landlord of the property that Criterion Films was in, and receiving \$450 monthly rent.



Do you know if Jack Stackpool is a teamster official?

Mr. BURKE. I do not, sir. Or otherwise.

Mr. KENNEDY. Do you know that another stockholder in the Criterion Films is Mr. Sam B. Moss, who is also a teamster official?

Mr. BURKE. I do not know him as a teamster official or otherwise.

Mr. KENNEDY. Do you know that the Criterion Films has received a \$1,000 loan that has been outstanding for the last 5 years from local 353 of the teamsters?

Mr. BURKE. I do not, sir.

Mr. KENNEDY. Do you know that Criterion Films made a film on Dave Beck for the teamsters?

Mr. BURKE. I do not, sir.

Mr. KENNEDY. Mr. Chairman, we have a list of at least some of the customers of Criterion Films that we would like to place in the record, if we could, so we can refer to it.

The CHAIRMAN. Do you have someone here who can testify to these documents and files that you have here?

Mr. KENNEDY. Mr. Bellino.

The CHAIRMAN. Then we will get it into the record officially.

You may be at ease for a moment.

Mr. Bellino, take the stand.

You have previously testified during this series of hearings?

#### TESTIMONY OF CARMINE BELLINO—Resumed

Mr. BELLINO. Yes, sir.

The CHAIRMAN. In your official capacity of position, rather, working for the committee, have you procured certain documents under subpoena which you now have in your hands?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Identify the documents.

First state where you got them under subpoena. The records are from whose files?

Mr. BELLINO. This is a letter dated February 17, 1955, which came from the files of the National Mortgage, Inc. It is a letter from H. F. Fleharty, the assistant vice president, to the Criterion Films, Inc., which confirms the fact that a firm commitment has been received from one of their principals approving a first mortgage loan on the property of Criterion Films. The loan was approved for \$24,000 to amortize in 12 years with interest at 5 percent.

The CHAIRMAN. That may be made exhibit 198.

(The document referred to was marked "Exhibit No. 198," for reference and will be found in the appendix on pp. 2553-2554.)

The CHAIRMAN. Proceed.

Mr. BELLINO. On the bottom of the letter handwritten is a notation "Mr. Witt" the president of Criterion Films:

Mr. Witt says Mr. Beck won't sign. I told him we couldn't close loan.

The CHAIRMAN. Did you identify the file you took that letter from?

Mr. BELLINO. That came from the files of the National Mortgage Co. This is another document from the files of the National Mortgage, in the Criterion Films folder, and it is a handwritten notation as to what should take place at a special meeting of the board of directors, and the necessary paper which they would have to sign in

connection with this mortgage. In other words, this was instructions as to what they should do at the meeting in order to effect and take advantage of this commitment that the National Mortgage Co. had.

The CHAIRMAN. That may be made exhibit 198.

Do all these pertain to this loan?

Mr. BELLINO. These all pertain to the loan.

Here is the corporate resolution of authority which was prepared in connection with this loan by the National Mortgage Co., dated March 17, 1955.

The CHAIRMAN. They will be made exhibit 198-A, B, C, and so forth, as they pertain to one item.

Go ahead.

Mr. BELLINO. And a letter dated February 25, 1955, from Mr. Stephens to Mr. Hession with regard to this loan, advising of the opening of a special bank account as they had requested.

Next is a copy of the special bank account which has been opened with a notation from Mr. Hedlund:

Sherman, do not make any further comments or close this loan before we discuss it.

Next is a document that came from the files of the Occidental Life Insurance Co. which contains a list of various pictures produced by Criterion Films. It is a memorandum from the mortgage loan department to the investment committee, dated February 14, 1955.

The CHAIRMAN. That may be made part of the exhibit.

(The documents referred to were marked "Exhibits Nos. 198 A, B, C, D, E and F," for reference and will be found in the appendix on pp. 2555-2563.)

Senator KENNEDY. Does it state how much the picture of Dave Beck cost?

Mr. BELLINO. No, sir.

Senator KENNEDY. Or who paid for it?

Mr. BELLINO. No, we don't know who paid for it.

Mr. KENNEDY. I think it was a committee that was formed.

Mr. BELLINO. A citizens committee, I believe.

Mr. KENNEDY. They gave a big dinner, I believe, out in Seattle, for Mr. Beck, and I think the citizens committee paid for the film.

Senator KENNEDY. The citizens committee at the dinner?

#### TESTIMONY OF A. M. BURKE—Resumed

Mr. KENNEDY. That is what I understand.

You turned the loan down and then the loan was granted because of the letter from Sherman Stephens pointing out that Dave Beck was the leading stockholder and it would be of interest to you people to make the loan, and, subsequently, according to our records, that loan was turned down by Mr. Dave Beck himself, or he refused to take the loan. You at least know the first part of that?

Mr. BURKE. That is right.

Mr. KENNEDY. There was also another request for an appraisal for a friend of Mr. Beck's in Los Angeles. He wanted a piece of property appraised, Julian?

Mr. BURKE. We know it as the Griffith property.

Mr. KENNEDY. That was in September of 1953?

Mr. BURKE. That is right, sir.

Mr. KENNEDY. And you appraised that property for this friend of Mr. Beck?

Mr. BURKE. No, sir. We appraised it for the teamsters union.

Mr. KENNEDY. Was it a request of Mr. Beck?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. Was any charge made on that?

Mr. BURKE. No, sir.

Mr. KENNEDY. This is a copy of the appraisal, Mr. Chairman.

The CHAIRMAN. The Chair presents you what purports to be a photostatic copy of that appraisal, about which you have just testified. Will you examine it and identify it, please, sir?

(Document handed to witness.)

Mr. BURKE. I do, sir.

The CHAIRMAN. That may be made exhibit 199, for reference.

(The document referred to was marked "exhibit No. 199," for reference and will be found in the files of the select committee.)

Mr. KENNEDY. There wasn't any information so that you could know whether that was for Mr. Dave Beck or for the teamsters?

Mr. BURKE. There was not, sir.

Mr. KENNEDY. You did not inquire?

Mr. BURKE. No, sir.

Mr. KENNEDY. Mr. Chairman, that was not for the teamsters. That was for a friend of Mr. Dave Beck, that appraisal.

There was another request that Mr. Beck made of you, and that was in connection with the National Mortgage Co.?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. Did he request at that time that you advance \$50,000, or advance some moneys to them each month for purchase of mortgages?

Mr. BURKE. That terminology could hardly be correct.

May I tell you what it is, please?

Mr. KENNEDY. Please do.

Mr. BURKE. Mr. Beck stated to me that the teamsters union was going to go into a VA or veterans' program, and that they wished Occidental to participate in an FHA program. We agreed to do it, taking approximately 4 or 5 loans, or \$50,000 a month, until we had built up an account which would be worthwhile for National Mortgage and Occidental Life.

Those loans were to be guaranteed under the Veterans Act.

No, under the National Housing Act, the FHA loans.

Mr. KENNEDY. How did you understand that was going to possibly help the teamsters union?

Mr. BURKE. The teamsters, Mr. Beck told me, wanted to invest a sizable sum of cash that they had on hand in mortgages and that they would take on a volume of VA loans. In order to get that, they would have to have a rounded program which would require someone to participate in the FHA loans.

Mr. KENNEDY. How would your advancing \$50,000, or whatever figure you ultimately did, to the National Mortgage Co., how would that possibly help the teamsters?

Mr. BURKE. Mr. Kennedy, that advance of \$50,000 is not correct. What we meant by that was that we would purchase loans insured under the National Housing Act in the approximate amount of \$50,000 a month.

Mr. KENNEDY. The Occidental Insurance Co. purchasing \$50,000 of loans per month, how would that help the teamsters union?

Mr. BURKE. In order to invest sizable amounts of money for a trust or an investor, you must have a rounded program, someone that will buy VA's, someone that will buy FHA's, and someone that will buy conventional loans.

Mr. KENNEDY. Do you mean the National Mortgage Co. needed a rounded program?

Mr. BURKE. That is right.

Mr. KENNEDY. What he wanted was you to advance \$50,000 to purchase loans so that the National Mortgage Co. would have a rounded program?

Mr. BURKE. That is correct. That came out later.

Mr. KENNEDY. That had nothing to do with the teamsters.

Mr. BURKE. That came out later, about the National Housing.

Mr. KENNEDY. But that had nothing to do with the teamsters, did it?

Mr. BURKE. At that time it did——

Mr. KENNEDY. What he was requesting was a favor for the National Mortgage Co., not a favor for the teamsters.

Mr. BURKE. It now appears that that is right.

Mr. KENNEDY. That is what he was requesting you to do. There was no good that would come to the teamsters by what you were doing.

Mr. BURKE. Oh, yes. It is not easy to pick up a block of loans, then or now. It would be an advantage for the teamsters.

Mr. KENNEDY. For the Occidental Insurance Co. to advance the \$50,000 to the National Mortgage Co.?

Mr. BURKE. There was no agreement as to advance.

Mr. KENNEDY. That you would buy the loans?

Mr. BURKE. That is right.

Mr. KENNEDY. Would you just tell me again, and I do not want to labor the point, as it was explained to you at that time how was that going to be an advantage to the teamsters?

Mr. BURKE. That would be an advantage to the teamsters, Mr. Kennedy, in that the people who purchased loans for the teamsters would be able to refer the VA's to Occidental and to different life companies so that they could buy blocks of loans in Seattle or any other place they were operating in.

Mr. KENNEDY. The teamsters union could go through any number, and I am sure there are hundreds, of mortgage companies throughout the United States who would love to have their business. It wouldn't be necessary for the president of the teamsters to go to an insurance company to make sure that they had a rounded program, like they had to do for the National Mortgage Co.

(At this point, Senator Mundt withdrew from the hearing room.)

Mr. BURKE. I think what we are trying to get at is that he wanted to set up a program so that the National Mortgage Co. would be successful.

The CHAIRMAN. So that it would make money.

Mr. BURKE. That is right.

The CHAIRMAN. And he was more interested in that than he was serving the teamsters.

There is no question in your mind about that, is there?

Mr. BURKE. Certainly not.

The CHAIRMAN. Senator McNamara?

Senator McNAMARA. I would like to ask you, is Mr. Beck still one of your valued and favored accounts?

Mr. BURKE. Mr. Beck still has his personal insurance with us, so far as I know, and he still is in control of the teamsters union.

Senator McNAMARA. And he would continue to get the favors as he did in the past, getting a loan out of \$54 advanced in 1 month, negotiated in 1 month, he was the most favored. He still has that same standing with the Occidental Life, your company?

Mr. BURKE. I question that very much, sir.

Senator McNAMARA. I am questioning it, too, but I do not get the answer.

Mr. KENNEDY. Was there also a request from Mr. Beck regarding the Argonaut Insurance Co.?

Mr. BURKE. There was, sir.

Mr. KENNEDY. There was a request to make a loan to the Argonaut Insurance Co.?

Mr. BURKE. No, sir; I believe not.

Mr. KENNEDY. What was the request?

Mr. BURKE. I believe the request, if my memory serves me right, was from Mr. Loomis, to assist him in evaluating the location and the building that the Argonaut intended to build, and it may have been later that Mr. Stephens of National Mortgage came into that same picture.

Mr. KENNEDY. Was Mr. Beck ever into it himself?

Mr. BURKE. I believe not.

Mr. KENNEDY. What about the K. and L. Distributorship? Was there also a request for a loan from them?

Mr. BURKE. There was, sir.

Mr. KENNEDY. And did you agree, ultimately, to loan the K. & L. distributorship, the beer company, \$85,000, or approximately \$85,000?

Mr. BURKE. No, sir; we did not.

Mr. KENNEDY. Were you ready to loan them \$85,000?

Mr. BURKE. I would like to explain that, if I could, sir, a little bit. We were contacted by Mr. Beck and he requested a loan of \$200,000. I went to Seattle and looked at the property and told him that I would not recommend to my committee a loan anywhere near the amount of \$200,000, but that in my opinion it might qualify for as much as \$85,000, maybe \$90,000.

Mr. KENNEDY. Nothing was done about it beyond that?

Mr. BURKE. Yes, sir. We ordered an appraisal of the property, and I believe maybe we had ordered it before I told him that and the appraisal was not delivered to us but was given to the National Mortgage Co.

Mr. KENNEDY. Was any charge made on that?

Mr. BURKE. No, sir.

Mr. KENNEDY. Would you identify this, please?

The CHAIRMAN. The Chair presents to you what purports to be some memorandums from your office, maybe in your handwriting.

Mr. BURKE. It is, sir.

The CHAIRMAN. Would you examine it, please, sir, and see if you identify it?

(Document handed to witness.)

Mr. BURKE. It is, sir.

The CHAIRMAN. That may be made exhibit 200.

(The document referred to was marked "Exhibit No. 200," for reference, and will be found in the files of the select committee.)

Mr. KENNEDY. Would you hold that there?

We have here a note that says:

Owe \$200,000 in East, Brown Manufacturing.

What does that mean?

Mr. BURKE. That note means I asked Mr. Beck the purpose of the loan and he told me that he had an obligation of \$200,000 to the Brown Co. in the East.

Mr. KENNEDY. Who did?

Mr. BURKE. Mr. Beck.

Mr. KENNEDY. Mr. Beck personally did?

Mr. BURKE. Yes, sir.

Mr. KENNEDY. What did that have to do with the K. & L. distributorship?

Mr. BURKE. I would not now know, sir.

Mr. KENNEDY. Were you not discussing here the K. & L. Distributing Co.?

Mr. BURKE. Yes, sir.

The CHAIRMAN. He was trying to borrow money on the K. & L. Distributing Co. assets to pay off the Fruehauf loan?

Mr. BURKE. Apparently, as I——

The CHAIRMAN. That is what it amounts to, is it not?

Mr. BURKE. That is what it appears to be, sir.

The CHAIRMAN. Did Mr. Beck claim to have any interest in that K. & L. Co.?

Mr. KENNEDY. He claims not to have.

The CHAIRMAN. He was offering to put up its assets to you for \$200,000 to pay off the Brown Equipment Co. loan?

Mr. BURKE. That now appears so.

The CHAIRMAN. That is what he told you at that time?

Mr. BURKE. I thought he was an officer of the company at the time.

The CHAIRMAN. You thought he was an officer of the K. & L. Co.?

Mr. BURKE. I thought so; yes.

The CHAIRMAN. Did he so represent to you?

Mr. BURKE. Not in so many words.

The CHAIRMAN. Did he represent to you that he had an interest in it?

Mr. BURKE. He indicated to me he did; yes, sir.

The CHAIRMAN. He indicated to you he had an interest in it?

Mr. BURKE. Yes, sir.

The CHAIRMAN. He could not very well mortgage it, could he, if he did not have?

Mr. BURKE. No, sir.

The CHAIRMAN. Did anybody else from the K. & L. Co. talk to you about this loan?

Mr. BURKE. No, sir.

The CHAIRMAN. All of your conversation in an effort to negotiate was with Mr. Beck?

Mr. BURKE. Yes, sir; in the negotiations.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, in that connection, Mrs. Beck still had her interest in K. & L. Distributing Co.

The CHAIRMAN. His wife had an interest?

Mr. KENNEDY. He allegedly did not, but his wife had an interest.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Burke, recapping, you made the loans to Mr. Beck of \$273,000 with 3½ percent interest, and \$40,000 at 3½ percent interest. You appraised approximately three pieces of property at no cost and were prepared to make a loan of \$24,000 to Criterion Film Co., is that right?

Mr. BURKE. That is right.

Mr. KENNEDY. Then the \$50,000 that you were to use to purchase loans of the National Mortgage Co.?

Mr. BURKE. That is right, sir.

Mr. KENNEDY. Would all of these favors have been performed if Mr. Dave Beck had not been president of the teamsters, Mr. Burke?

Mr. BURKE. I believe not.

Mr. KENNEDY. Thank you.

The CHAIRMAN. Are there any further questions?

If not, thank you very much. You may stand aside—wait a moment.

The Chair presents to you what purports to be a photostatic copy of something entitled, "Results of Statistical Division and Broker Meeting with Occidental Life Insurance Co. of October 12, 1955."

Examine it and see if you can tell what this document is.

(Document handed to witness.)

Mr. BURKE. Mr. Chairman, I cannot identify it. I know nothing about it.

The CHAIRMAN. Thank you very much.

All right. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any further questions?

If not, thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. George Newell.

(Members present at this point: Senators McClellan, Kennedy, Ervin, McNamara, and Curtis.)

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. NEWELL. I do.

### TESTIMONY OF GEORGE NEWELL

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. NEWELL. George Newell, Seattle, Wash., insurance.

The CHAIRMAN. Have you talked to members of the staff, Mr. Newell, and know generally the line of interrogation to expect?

Mr. NEWELL. I have talked to them. I am not sure what I am going to be asked about.

The CHAIRMAN. Neither am I, but they have talked to you about the subject matter of this inquiry, have they?

Mr. NEWELL. Yes, sir.

The CHAIRMAN. You have elected to waive counsel, have you?

Mr. NEWELL. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Newell, would you tell the committee a little of your background? You come from where, originally?

Mr. NEWELL. My background?

Mr. KENNEDY. Just a little bit.

Mr. NEWELL. Do you mean you want me to start as a boy, Mr. Kennedy?

Mr. KENNEDY. Just where you were born.

Mr. NEWELL. I was born in Seattle, 62 years ago.

Mr. KENNEDY. And you have lived in Seattle ever since that time?

Mr. NEWELL. I have lived in Seattle ever since.

Mr. KENNEDY. How long have you been in the insurance business?

Mr. NEWELL. Thirty-six or thirty-seven years.

Mr. KENNEDY. Did you go to school in Seattle?

Mr. NEWELL. Yes, sir.

Mr. KENNEDY. What school did you go to?

Mr. NEWELL. South Seattle School.

Mr. KENNEDY. You have been doing business with the teamsters for how long?

Mr. NEWELL. Well, I guess 30 years.

Mr. KENNEDY. Was the insurance company your only business?

Mr. NEWELL. I have a general agency business, which is really a wholesale insurance, and also we operate as a broker for health and welfare and some other plan for the teamsters.

Mr. KENNEDY. Have you had any other business interest other than the insurance?

Mr. NEWELL. Not of any consequence. I have a farm.

Mr. KENNEDY. You were not in the pinball business at all? Were you ever in that?

Mr. NEWELL. In the pinball business?

Mr. KENNEDY. Yes.

Mr. NEWELL. I advanced some money to a man that was in the pinball business at one time.

Mr. KENNEDY. Who did you advance the money to?

Mr. NEWELL. A fellow named Johnson.

Mr. KENNEDY. When was that?

Mr. NEWELL. I would say maybe 15 or 20 years ago. I don't remember.

Mr. KENNEDY. But you never had an interest in it yourself?

Mr. NEWELL. I had a participation in the profit, but I had no ownership of any kind or character.

Mr. KENNEDY. What was the name of that company?

Mr. NEWELL. I will be honest with you. I don't remember. If you know, I can tell.

(At this point, Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. Is that the only time you have been in the pinball business?

Mr. NEWELL. Yes.

Mr. KENNEDY. What was Johnson's first name?

Mr. NEWELL. Charles.

Mr. KENNEDY. Charles Johnson?



Mr. NEWELL. That is right.

Mr. KENNEDY. What does he do now?

Mr. NEWELL. I don't know, but I imagine he is still in the pinball business.

Mr. KENNEDY. This was back in 1945?

Mr. NEWELL. It could be back there. It is quite awhile ago.

Mr. KENNEDY. Do you know the City Amusement Co.?

Mr. NEWELL. That is the name of it.

Mr. KENNEDY. That was back in 1942?

Mr. NEWELL. Whenever the date would be.

Mr. KENNEDY. When was the last time you had an interest in that? Do you still have an interest?

Mr. NEWELL. No.

Mr. KENNEDY. When did your interest end?

Mr. NEWELL. Well, I would guess 6 or 8 years ago. I really don't know. My books would show any income from it, and when it ceased. That is when it ended.

Mr. KENNEDY. Mr. Chairman, could we get Mr. Newell to identify this?

(Document handed to witness.)

Mr. NEWELL. Yes.

Mr. KENNEDY. Would you identify it, please, what it is?

Mr. NEWELL. Well, it is a statement of George C. Newell, made to the bank, that he was operating as City Amusement Co., which was not incorporated.

Mr. KENNEDY. What?

Mr. NEWELL. That was operating the City Amusement Co., which was not incorporated.

Mr. KENNEDY. What is the date of that?

Mr. NEWELL. March or May 1956.

Mr. KENNEDY. And is Mr. Newell's name still associated with it?

Mr. NEWELL. No.

Mr. KENNEDY. Is there a bank statement there also?

Mr. NEWELL. There is a bank statement of December 31, 1954, February 4, 1955; and March 24, 1955.

Mr. KENNEDY. What is the company? What does it say?

Mr. NEWELL. The City Amusement Co.

Mr. KENNEDY. In care of anybody?

Mr. NEWELL. George C. Newell, Dexter Horton Building.

Mr. KENNEDY. Is that 1954?

Mr. NEWELL. Yes.

Mr. KENNEDY. You did not have any interest in it?

Mr. NEWELL. I didn't. I thought we were out of it before that time, Mr. Kennedy, to be honest with you. It has been several years ago. This showed, according to this——

Mr. KENNEDY. That is not 15 years ago. That is 2 years ago.

Mr. NEWELL. This, according to this, shows I got \$370.02 in the bank that I didn't know anything about.

Mr. KENNEDY. Well, we helped you.

Mr. NEWELL. I am sure you did.

Mrs. WATT. Do you want this to be made an exhibit?

Senator KENNEDY. That will be made exhibit No. 201, for the record.

(Document referred to was marked "Exhibit No. 201," for reference and will be found in the appendix on pp. 2564-2567.)

Mr. KENNEDY. Back in 1952 you had \$1,770 that you did not know anything about?

Mr. NEWELL. I must have known if I had that much money, Mr. Kennedy.

Mr. KENNEDY. But as I understood it, you said the last interest you had in the pinballs—

Mr. NEWELL. Well, it was something that I didn't take any active part in one way or another. An auditor made the audit annually on it, and Mr. Johnson sent me a check for my participation. But in the last 3 or 4 years—it don't show any deposits on there.

Mr. KENNEDY. No.

Mr. NEWELL. I received no profit or money for participation.

Mr. KENNEDY. It has \$1,000 deposited in March of 1952. The only point is that that is not 17 years ago, but that is 4 or 5 years ago, and even 2 years ago you were getting money.

Mr. NEWELL. It has been so long ago that I gave no thought to it. When you asked me if I was in any other business, I certainly never thought of the City Amusement.

(At this point, Senator McClellan entered the hearing room.)

Mr. KENNEDY. On this card, registered with the Peoples First National Bank, Seattle, Wash., it says:

George does not want his name to be given out in connection with this company.

Mr. NEWELL. That is right.

Mr. KENNEDY. Why was that?

Mr. NEWELL. I wasn't anxious to be known as being in the pinball business, because I advanced some money to a man in that business.

Mr. KENNEDY. Did Mr. Brewster have any connection with that business?

Mr. NEWELL. No.

Mr. KENNEDY. Absolutely none?

Mr. NEWELL. No.

Mr. KENNEDY. Did he have any connection with Mr. Johnson?

Mr. NEWELL. I don't know if he had any connection with Mr. Johnson. I know he knows Mr. Johnson.

Mr. KENNEDY. Do you know whether he had any connection with the pinball operation?

Mr. NEWELL. Would I know that he had?

Mr. KENNEDY. Yes.

Mr. NEWELL. In Mr. Johnson's business?

Mr. KENNEDY. Yes.

Mr. NEWELL. No.

Mr. KENNEDY. Do you know that he did not?

Mr. NEWELL. I do not know whether he did or did not, but I have no idea that he did.

Mr. KENNEDY. You do not know that Mr. Brewster had any connection with it?

Mr. NEWELL. No.

Mr. KENNEDY. You handled the insurance for the Western Conference of Teamsters?

Mr. NEWELL. Yes, sir.

Mr. KENNEDY. You are the broker?

Mr. NEWELL. I am one of the brokers.

Mr. KENNEDY. Have you got any of your figures there, or books and records?

Mr. NEWELL. No. You have more of my figures than I have.

Mr. KENNEDY. Do you know what your earnings were—first, tell me, how did you receive this account first? Was it on a bid basis?

Mr. NEWELL. How did I receive what?

Mr. KENNEDY. The account from the teamsters.

Mr. NEWELL. We developed the account, Mr. Morganstern and I.

Mr. KENNEDY. Excuse me?

Mr. NEWELL. Mr. Morganstern and I developed the account originally.

Mr. KENNEDY. How do you mean developed it?

Mr. NEWELL. We originated the method of group life insurance that the teamsters use. There was nothing like it in the United States at that time, to my knowledge.

Mr. KENNEDY. What was the name of your partner?

Mr. NEWELL. Arthur Morganstern.

Mr. KENNEDY. What year was this?

Mr. NEWELL. I would guess about 1948, but I was awful far wrong on the City Amusement and I don't want to be pinned down to that guess.

Mr. KENNEDY. Was it approximately 1948?

Mr. NEWELL. I would think so.

Mr. KENNEDY. And did you start to receive the insurance brokerage fee at that time, 1948?

Mr. NEWELL. We started receiving it about 2 years after we developed the idea.

Mr. KENNEDY. About 1950?

Mr. NEWELL. Around in there.

Mr. KENNEDY. And you have received it ever since that time?

Mr. NEWELL. Yes, sir.

Mr. KENNEDY. Since that time, 1950 or 1951, after you started receiving some of the brokerage payments, has it been on a bid basis to other brokers?

Mr. NEWELL. I don't think so, Mr. Kennedy. Our business is not done that way, any more than attorneys' services are bid to other attorneys, by a corporation.

Mr. KENNEDY. You are designated?

Mr. NEWELL. We are designated as the broker of record for the Western Conference of Teamsters.

Mr. KENNEDY. Who designates you?

Mr. NEWELL. The Western Conference of Teamsters.

Mr. KENNEDY. Is there some particular individual that designates you?

Mr. NEWELL. No. I think we were designated by the committee, the policy committee, I believe, of the Western Conference of Teamsters.

Mr. KENNEDY. That is Mr. Frank Brewster, the president?

Mr. NEWELL. I think he is the president, yes. I know he is the president.

Mr. KENNEDY. Originally, prior to that time, Mr. Dave Beck was president?

Mr. NEWELL. Mr. Beck.

Mr. KENNEDY. So you were first designated by Mr. Beck?

Mr. NEWELL. That is right.

Mr. KENNEDY. And then by Mr. Brewster?

Mr. NEWELL. I think Mr. Beck signed the original letter of brokerage, as president.

Mr. KENNEDY. Have you had any business connections with Mr. Beck?

Mr. NEWELL. Do I have any business connections? None.

Mr. KENNEDY. Have you had any?

Mr. NEWELL. No.

Mr. KENNEDY. You never had?

Mr. NEWELL. No.

Mr. KENNEDY. No business connections at all?

Mr. NEWELL. That is right.

Mr. KENNEDY. Any financial connections with Mr. Beck?

Mr. NEWELL. None.

Mr. KENNEDY. You never have?

Mr. NEWELL. No.

Mr. KENNEDY. Have you ever given him any money?

Mr. NEWELL. No.

Mr. KENNEDY. Have you ever given him any gift or money directly or indirectly?

Mr. NEWELL. No.

Mr. KENNEDY. Have you had any business connections with Mr. Frank Brewster?

Mr. NEWELL. For years.

Mr. KENNEDY. In what business?

Mr. NEWELL. We owned horses together.

Mr. KENNEDY. Mr. Frank Brewster has testified regarding that matter, I believe.

Mr. NEWELL. I presume so.

Mr. KENNEDY. Did you own the Breel Stables together?

Mr. NEWELL. We owned the Breel, Inc., and operated as Breel Stable.

(At this point, Senator Ervin withdrew from the hearing room.)

Mr. KENNEDY. As I understand, you went in as a partnership in the Breel Stables and the Breel Stables were sold out. According to Mr. Brewster's testimony, and the testimony before this committee, you received a loss of \$40,712.75, and Mr. Brewster received a gain of \$44,366.03.

Mr. NEWELL. Well, I don't remember the testimony of the committee on it, but whatever my books showed that we lost—

Mr. KENNEDY. That was taken from your books.

Mr. NEWELL. All right. I will accept it.

The CHAIRMAN. How did that happen, that you lost and he gained, if you were equal partners?

Mr. NEWELL. Well, the Breel, Inc., Mr. Chairman, was a corporation between Mr. Brewster and I. We originally incorporated to buy a piece of land adjoining the training track at Santa Anita. We felt that we were both married and that it was—and I felt it was better to put it in an incorporation, when, under the laws of our State, there

are community-property laws, and selling the property would take four signatures, but under an incorporation we could do it whenever we desired.

Mr. Brewster, incidentally, owned horses individually at this time and I owned horses. We both owned horses for 20 years. So we were both using the same trainer.

Mr. Brewster suggested one day that he would put one of his horses, I forget, I think the horse's name was Tops Boy, and I had a horse named Turn 'er on, and the same trainer was training both horses, and we decided to put the two horses in a stable.

The Tops Boy claimed for \$10,000 and I claimed Turn 'er on for \$7,500. I felt I should put some additional money in, but he felt it would be an even enough break, so that is how the Breel Stable operation started.

Later we had to advance money.

The CHAIRMAN. How long is it going to take to get this horse tale through here?

I just asked how you should lose \$40,000 and he should make \$40,000.

Mr. NEWELL. I haven't lost it yet. Mr. Brewster will eventually pay it.

The CHAIRMAN. You have not lost it?

Mr. NEWELL. Eventually I hope to get it. The money was loaned by myself to Breel, Inc., and Breel, Inc., Mr. Brewster and I, both owned stock in it. That was the reason I was explaining it, to give the background of it.

The CHAIRMAN. Go ahead.

Mr. NEWELL. I loaned the money to Breel, Inc., a corporation owned by Brewster and I, and we as the Breel Stable used the money to buy horses with. I was the one that wanted to buy more horses, because part of the horses were knocked out, and we needed more horses running in order to win some purses to pay the expenses.

The CHAIRMAN. I do not have much of an answer yet.

Go ahead, Counsel.

Mr. KENNEDY. Do you have a note from Mr. Brewster?

Mr. NEWELL. No.

Mr. KENNEDY. He just owes you \$40,000?

Mr. NEWELL. Whatever the amount of money it is.

The CHAIRMAN. What became of Whiz Bang? Whang Bang?

Mr. NEWELL. She is on my farm.

The CHAIRMAN. Let me ask you, have you ever been able to estimate her value yet?

Mr. NEWELL. No. We have not agreed on the value, but we are not far off.

The CHAIRMAN. What is the difference between you? I am a little curious. How much does he think it is worth and how much do you think it is worth?

Mr. NEWELL. I would be willing to agree at the price that Brewster agrees on. I think that would be fair about it.

The CHAIRMAN. Well, go ahead.

Mr. KENNEDY. You do not have any note?

Mr. NEWELL. No, I have no note.

Mr. KENNEDY. He just owes you about \$40,000?

Mr. NEWELL. I have Mr. Brewster's word that eventually when he gets the money he will pay it.

Mr. KENNEDY. When was this sold, the Breel, approximately?

Mr. NEWELL. I would think maybe 3 years ago.

Mr. KENNEDY. And nothing has been done about it yet?

Mr. NEWELL. Nothing has been done about it, no, except that the assets have been distributed. Mr. Brewster took part of the horses.

Mr. KENNEDY. Does it appear that Mr. Brewster is going to be able to have the money to pay you back?

Mr. NEWELL. I have no idea, Mr. Kennedy.

Mr. KENNEDY. He testified before the committee that he was selling his house, possibly, to the union so that he could pay the union back what he owed them. So he is going to have a little difficulty paying you, is he not?

Mr. NEWELL. I imagine he will be working in the meantime.

Mr. KENNEDY. Did you also pay him some money in addition to that, during this period of time, or starting in 1950?

Mr. NEWELL. No; I have never paid him any money.

Mr. KENNEDY. There was some testimony before the committee that you paid him \$5,000 for walking his horses or walking your horses, getting up early and walking the horses.

Mr. NEWELL. No, but Breel paid him money for training fees.

Mr. KENNEDY. You did not pay him any money?

Mr. NEWELL. No. The Breel Stable paid him money for training. Breel, Inc., paid him money for the training.

Mr. KENNEDY. Who had the stock in Breel, Inc.?

Mr. NEWELL. Mr. Brewster and I.

Mr. KENNEDY. What were they paying him for? What was he doing?

Mr. NEWELL. Training horses.

Mr. KENNEDY. Was that in connection with walking the horses in the morning?

Mr. NEWELL. Well, the walking the horses in the morning, Mr. Kennedy; every horse walks every morning.

Mr. KENNEDY. I understood from the testimony that he gave that he used to get up at 4:30 in the morning and take the horses out for a walk.

Mr. NEWELL. You misunderstood it, Mr. Kennedy. All trainers have to exercise horses every day, all race horses.

The CHAIRMAN. Mr. Brewster testified, as I recall, that you paid him some \$5,000 or he got that much out of the stables that you did not get out of the enterprise, for walking horses early in the morning, getting up about 4:30 and going out and taking the horses for a walk.

Mr. NEWELL. No. The trainer himself doesn't walk.

The CHAIRMAN. What was he, the trainer, the owner, the jockey, or what?

Mr. NEWELL. He was a trainer and part-owner.

The CHAIRMAN. All right.

Mr. KENNEDY. For how many years was he given the \$5,000 to train the horses?

Mr. NEWELL. Mr. Kennedy, I didn't give him any money. I gave him a thousand shares of stock, Affiliated Fund stock, twice. Apparently that is what you have reference to.

Mr. KENNEDY. Yes. You gave him stock, which was worth approximately \$5,000?

Mr. NEWELL. Maybe five or fifty-five hundred. I don't remember.

Mr. KENNEDY. For how many years did you give that?

Mr. NEWELL. Twice, if I remember correctly.

Mr. KENNEDY. For the first year, that was written on your income tax as a commission?

Mr. NEWELL. It was not written on my income tax as a commission.

Mr. KENNEDY. How was it written?

Mr. NEWELL. My accountant told me about it. There is a form on the back of an income tax that calls for commissions and 2 or 3 other things, and he put it in that section. After it was sent in, he told me about it and I told him he was wrong, because in our business we couldn't pay a commission to anybody, because that is rebating, and any insurance man, the most stupid insurance man in America, knows that if he rebates, he is out of business, and I am not quite that stupid.

The CHAIRMAN. You are still in business?

Mr. NEWELL. Yes. And I have never rebated.

Mr. KENNEDY. So the stock was given to him?

Mr. NEWELL. It was given to him for the work that he did that I didn't do. In other words, he did get up every morning at 4:30 and go out and train those horses.

He also spent any number of hours with the horses. I didn't go out at all, but maybe on weekends to watch the racing, but I spent no time with those horses.

Mr. Brewster is a man that when I wanted to pay him extra for it, he wouldn't take it, and also Mr. Brewster had made several business deals that were profitable. He claimed 1 horse for us for \$5,000 and we earned \$34,000 1 year with him. He wouldn't take any money extra for making that deal. Also, he was entitled to a percentage on the purses of those horses, but he would never take it. So I felt obligated to Mr. Brewster for the extra work he is doing and I was receiving 50 percent of the income, when we were in black ink, and there were years that we were in black ink, and not doing anywhere near 50 percent of the work.

So I felt the only way I could show that I was obligated was to pay him something extra for the work he did, and that I did. I knew if I gave him money he would spend it. I felt that if he got stock he would keep it and maybe have the income.

Mr. KENNEDY. During this period of time you were receiving brokerage commissions from the teamsters; is that right?

Mr. NEWELL. I received broker's commissions from the teamsters ever since 1948 or 1949, Mr. Kennedy.

Mr. KENNEDY. Do you have any breakdown on the brokerage commissions that your company has received from the teamsters for the last 3 or 4 years? Do you have that breakdown with you?

Mr. NEWELL. No.

Mr. KENNEDY. Mr. Chairman, Mr. Bellino could testify to that from an examination of Mr. Newell's books. Can we do that?

The CHAIRMAN. All right, Mr. Bellino, come forward.

Mr. Newell, you listen to his testimony and see if you can confirm it as being accurate, or the figures he gives being approximately accurate, from your recollection.

Mr. Bellino, have you examined the books of Mr. Newell?

**TESTIMONY OF CARMINE BELLINO—Resumed**

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Have you made a compilation from those books regarding the amount of commissions or brokerage fees he received for the handling of the teamsters account?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. All right. You may give us those figures.

Mr. BELLINO. These are the figures from the Union Group Insurance Co., which is Mr. Newell's company. The total gross commissions for the fiscal years of 1954, 1955, 1956, and 1957, ending February 28 of each year, the gross commissions amounted to \$2,109,338.43.

The CHAIRMAN. How much?

Mr. BELLINO. \$2,109,338.43.

The CHAIRMAN. That is commission?

Mr. BELLINO. Four years, yes, sir.

The net profit for those 4 years is \$1,397,679.24.

The CHAIRMAN. How do you arrive at those figures?

Mr. BELLINO. That is after expenses, the net distributable share to the partners, from which the Newells, George Newell and his wife, received a total of \$1,007,132.17.

The CHAIRMAN. \$1,007,132.17?

Mr. BELLINO. Yes.

Mr. KENNEDY. Have you got a breakdown for the last year of the profits after expenses that went to Mr. George Newell and his wife for the year ending February 28, 1957?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. The profits from the teamsters.

Mr. BELLINO. George Newell, \$154,421.21, and his wife an equal amount, \$154,421.21.

Mr. KENNEDY. That is a total of \$308,842.42?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the year prior to that it was \$239,658.84?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the year ending February 28, 1955, \$249,276.13?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And the year ending February 28, 1954, \$209,354.78?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Those make the total of \$1,007,000 in the 4 years?

Mr. BELLINO. Yes, sir.

**TESTIMONY OF GEORGE NEWELL—Resumed**

Senator KENNEDY. Mr. Newell, what was the commission during that period that you received?

Mr. NEWELL. Mr. Bellino just testified—

Senator KENNEDY. No; the percentage.

Mr. NEWELL. Our commissions run from one-tenth of 1 percent to 2 percent.

Senator KENNEDY. What was it when these accounts were originally written?

Mr. NEWELL. When Mr. Monganstern and I handled it the first year commission was 4 percent and renewal 3, and we arbitrarily cut them to 2, because the volume of business got so large.



Senator KENNEDY. How much was the total amount of money involve? What was the total amount of the money that the teamsters were investing?

Mr. NEWELL. Do you mean the premiums or the commissions?

Senator KENNEDY. First I want to get the total amount of money that the teamsters had involved in this program, the premium.

Mr. NEWELL. We don't handle the premiums in our office. We don't have them.

Senator KENNEDY. What was the amount? Do you know what the amount was?

Mr. NEWELL. No.

Senator KENNEDY. Was it \$2 million or over?

Mr. NEWELL. Somebody from Occidental just testified that they did \$20 million.

Senator KENNEDY. And you were charging 2 percent on that?

Mr. NEWELL. No; we weren't charging 2 percent on it. We were charging 2 percent on all cases, Senator Kennedy, that were small enough.

Senator KENNEDY. What?

Mr. NEWELL. It was based on the size.

Senator KENNEDY. What were you charging the teamsters?

Mr. NEWELL. Some of the teamsters are 1 percent. You see, you have health and welfare, pension, and group life insurance all grouped in those figures.

Senator KENNEDY. You made a profit of \$1,007,000 or \$300,000 in 1 year. What were the commissions that year on those funds? Two percent? Was that the average?

Mr. NEWELL. No; I don't think the average was 2 percent. I would say it would run from 1 to 2 percent.

Senator KENNEDY. You do not know what the average was?

Mr. NEWELL. No, we have never taken an average.

Senator KENNEDY. We have here some charts on employee health and welfare plans, which would indicate that when the amount of the premium was from \$5,000 to \$10,000, the renewal year commissions were 1.5 percent. When it went from \$350,000 to \$2 million it was 0.25 percent. This is the average, what they consider it should be. And when it was \$2 million and over it was 0.1 percent. So it seems to me that you were getting much more than what should be the average.

Mr. NEWELL. You heard the gentleman from the Occidental Life testify that there was 250 or 237 policies in existence. You are talking about 1 policy, Senator Kennedy.

Senator KENNEDY. No. We are talking about combination policies. I want to get from you this information. Let us go to the beginning. What are these plans of the teamsters that are involved that you make the profits out of?

Mr. NEWELL. The health and welfare plans.

Senator KENNEDY. How many different groups do they come from?

Mr. NEWELL. Apparently they come from over 200 groups, from the testimony I heard today. I don't know how many plans there are or how many policies are in effect, but we cover the 11 Western States, Alaska, and the Hawaiian Islands.

Senator KENNEDY. And you received this money, over \$1 million profit over a 4-year period, on handling the different programs?

Mr. NEWELL. I think that is correct.

Senator KENNEDY. Is it put out to bid; do you know?

Mr. NEWELL. Many of them are put out to bid.

Senator KENNEDY. Do you bid for them?

Mr. NEWELL. No; the insurance companies bid for them.

Senator KENNEDY. For the commissions, there was no bid?

Mr. NEWELL. No; there is no bid.

Senator KENNEDY. You cannot tell me what the average commission was on all these programs that you made this money out of?

Mr. NEWELL. No; I can't. But maybe Mr. Bellino can.

Senator KENNEDY. Can you tell me what the lowest figure was?

Mr. NEWELL. One percent.

Senator KENNEDY. That was the lowest?

Mr. NEWELL. That is right.

Senator KENNEDY. What was the highest?

Mr. NEWELL. Two.

Senator KENNEDY. Two percent?

Mr. NEWELL. Yes.

Senator KENNEDY. Can you tell me why it is that you go from 1 to 2 percent, involving large sums of money, when this chart on what a payment should be—

Mr. NEWELL. Pardon me. May I ask you a question? What chart? There is a basis on a chart? In our State we have no law saying what the payments should be, but in New York State they have. Is that what you are quoting, New York?

Senator KENNEDY. No; I am looking at a survey, foundation on employee health, medical care, and welfare, prepared with the assistance of the staff.

Mr. NEWELL. Well, the staff figures what they think it should be, is that correct?

Senator KENNEDY. No. It is done with the assistance of the staff.

Mr. KENNEDY. It is by experts and was furnished to us on a confidential basis, Senator.

Senator KENNEDY. I see the names here, and they are all people that are well known in business.

Mr. NEWELL. I am not disputing the figures.

Senator KENNEDY. In this statement, it says the commission is not a gift from the insurance company. Rather, they come out of the premiums paid by welfare funds to insurance companies, and in essence the welfare funds pay the commissions.

What I am trying to get at is that it looks to me like your rates were excessive and that they come out of the welfare funds of the teamsters. These profits are tremendous from this one account.

Mr. NEWELL. They are. It is a large account, just the same as United States Steel and General Motors are large accounts.

Senator KENNEDY. What percentage of your income for these 4 years came from this 1 account?

Mr. NEWELL. I would say about 90 percent.

Senator KENNEDY. That came from this one account?

Mr. NEWELL. Yes. Maybe greater than 90, I don't know.

Senator KENNEDY. Is that strange, this concentration on you?

Mr. NEWELL. No, I don't think so.

Senator KENNEDY. What is the case that you are such a large dealer when 90 percent of your business comes from 1 account, when you

make enormous profits, you use the word tremendous, and where your renewal year commission seems to be out of line with what should be the average for the industry?

Mr. NEWELL. Well, I misunderstood your question. You said it was centered on me, if it wasn't centred on me and what was the reason. If it wasn't centered on me, it would be centered on some other broker, and I presume the other broker would have to give service and take care of the account. We cover 100,000 square miles of territory.

Senator KENNEDY. The question is whether they could have gotten it at a lower rate from somebody else.

Mr. NEWELL. I think undoubtedly somebody else would take it for less money. I could name 50 that would take it for less money. I would take General Motors at a lower profit, too.

Senator KENNEDY. Do they not do it on a bid basis?

Mr. NEWELL. No.

Senator KENNEDY. If this comes out of the welfare funds and amounts to over a million dollars net profit, and that comes out of the welfare fund, why should they not give it to somebody who would give it to them at a lower cost?

Mr. NEWELL. All commissions come out of premiums. This is no different.

Senator KENNEDY. And the premiums come out of the welfare fund. Why should they not give it to someone who would do it for a lower cost?

Mr. NEWELL. The premiums in this case are paid by the employers.

Senator KENNEDY. It still comes out of the welfare fund.

Mr. NEWELL. It is the cost to the employer for health and welfare for their people.

Senator KENNEDY. The employer gives that in lieu of giving a wage increase.

Mr. NEWELL. That is correct.

Senator KENNEDY. So, therefore, the employees have the major interest.

Mr. NEWELL. Definitely.

Senator KENNEDY. Therefore, when you get \$1,007,000 profit, and this represents 90 percent of your business, and you get a commission out of line with what comparable plans should be, it seems to me that it is charging the employees and taking it out of their potential available funds, and it seems to me it is an obligation on the teamsters and the insurance companies to pay the lowest possible commissions. You said you could name 50 people who would take it for less commissions.

Mr. NEWELL. Certainly.

Senator KENNEDY. Do you not think they ought to get it?

Mr. NEWELL. Maybe the 50 people would not be able to give the same service we have given over a period of years, Mr. Kennedy.

Senator KENNEDY. I would like to put into the record this report that I am quoting from, that it was done under the direction of A. J. Hayes, cochairman, board of directors, president of the International Association of Machinists, head of the ethical practices committee of the AFL-CIO, and the cosigner is John I. Syner, Jr., cochairman, board of directors, and president of the United States Indus-

tries, Inc., and also Walter F. Wilmis, executive president, United States Industries; and Elmer E. Walker, vice president, International Association of Machinists.

The amount of annual premiums amounted to what in this payment?

Mr. NEWELL. The amount of annual premium?

Senator KENNEDY. Yes.

Mr. NEWELL. We don't keep the annual premium.

Senator KENNEDY. Do you not know what the amount was?

Mr. NEWELL. No.

Senator KENNEDY. You say it was around \$20 million?

Mr. NEWELL. I just heard the gentleman from the Occidental testify to that.

Senator KENNEDY. It was \$25 million last year.

The CHAIRMAN. The testimony shows \$25,912,678 for 1956. I assume that period ended in February of 1957.

Senator KENNEDY. This chart, this table, shows that when the amount of the annual premium is over \$2 million, in other words one-tenth of what we are talking about, or less than that, the renewal year commissions should be one-tenth of 1 percent, and you are charging between 1 and 2 percent. You must have given exceptional services to warrant a fee potentially 20 times as much as what Mr. Hayes and his group say that it should be.

Mr. NEWELL. Mr. Senator, I am not going to deny that we gave exceptional services.

Senator KENNEDY. Did you give 20 times what other companies potentially might have given?

Mr. NEWELL. Well, I can give you an example.

Senator KENNEDY. All right.

Mr. NEWELL. Originally, when we wrote the first health and welfare policy for the teamsters in the western conference, it was for the brewery workers in the Northwest. So we worked out the plan, and the cost was \$8.65 a month for the employer per man; 6 or 8 months later, the brewers in California negotiated a health and welfare plan.

Senator KENNEDY. You are not stating that you formed a concept in 1948 of these health and welfare plans, are you?

Mr. NEWELL. No; I think the first was written in 1951.

Senator KENNEDY. They go way back to 1930.

Mr. NEWELL. Originally my statement was that we originated, not health and welfare, but it was a group life policy. I am talking now, though, about health and welfare. After we wrote it, they wrote in California at the same rate, and when they compared they found that the employees had 25 to 30 percent more benefit under the plan written in the Northwest than they had in California at the same cost to the employers. That is when we were designated as brokers of record.

Senator KENNEDY. In 1957, your expenses, when you made the \$554,171.70, your expenses were only \$110,000, so your profit was \$441,203.45. That is your distributable partnership income. It cannot seem to me that you gave very extraordinary services. Your expenses were very low. I think they were excessive. I do not think there is any other word for it. It is 20 times what Mr. Hayes' group says it should be when the premiums are only one-tenth as much as they were in your case.

I think it is all out of line, and I think it came right out of the money out of the members of the teamsters funds, these extraordinary profits that you made, 90 percent of your total income, this one account. At the same time you were in a partnership in a stable with Mr. Brewster, and you ended up with a loss of \$40,000 and he made a profit of \$40,000.

Mr. NEWELL. We were in a partner——

Senator KENNEDY. Mr. Brewster was responsible for you receiving this account. That is highly improper.

Mr. NEWELL. Mr. Beck was originally responsible.

Senator KENNEDY. And then Mr. Brewster.

Mr. NEWELL. Afterward; yes, sir.

Senator KENNEDY. It is highly improper. If you were receiving what everyone else was receiving, you would not lay yourself open to this criticism. But when you are getting these gigantic profits, for what seems to me to be very little effort, once the account is established, it is very much out of line.

Mr. KENNEDY. Have you lowered the brokerage percentage at all in the last few weeks?

Mr. NEWELL. No; not in the last few weeks. I think in February or March it was lowered to 1 percent.

Mr. KENNEDY. It was 2 percent before then?

Mr. NEWELL. Yes, sir.

Mr. KENNEDY. Is that since our visit to Seattle?

Mr. NEWELL. No. It is on the Pacific coast and in the 11 Western States.

Mr. KENNEDY. Has that been since we talked to you in Seattle?

Mr. NEWELL. When were you in Seattle?

Mr. KENNEDY. When I was there, it was 2 percent. Now it is 1 percent? Did you lower it then? That is what I was wondering, when you were answering the question that it had been lowered from 2 percent to 1 percent.

Mr. NEWELL. I don't remember that we discussed commissions when you were in Seattle.

Mr. KENNEDY. It was 2 percent at that time. Anyway, it was lowered before this investigation was started?

Mr. NEWELL. It was lowered from 3 to 2 before there ever was an investigation started and it was lowered this year from 2 to 1.

Mr. KENNEDY. Was it lowered from 4 to 2 during another congressional investigation?

Mr. NEWELL. Not to my knowledge.

Mr. KENNEDY. Did not another congressional committee look into this 3 years ago and was it not lowered from 4 percent to 2 percent?

Mr. NEWELL. It was never 4, to my knowledge, except on new business. It was 3 to 2.

Mr. KENNEDY. Was that not after a congressional committee started looking into this matter?

Mr. NEWELL. It could have been. I don't remember the dates, Mr. Kennedy, but the records will show it.

Mr. KENNEDY. Now it has been lowered to 1 percent?

Mr. NEWELL. That is right.

Mr. KENNEDY. And it was 2 percent a month or so ago?

Mr. NEWELL. No; I don't think it was 2 percent a month or so ago. In February it was lowered, to be honest with you.

Senator KENNEDY. That was after the——

Mr. NEWELL. No; I think it was before.

Mr. KENNEDY. When we were out there, you said it was 2. But, anyway, it is after this investigation started, is that right?

Mr. NEWELL. I presume so.

Senator KENNEDY. Will that cut your profits in half?

Mr. NEWELL. No, it won't cut my profits in half, because some of this is not health and welfare business. Some of it is 1 percent already.

Senator KENNEDY. It would cut your profits on the health and welfare business in half?

Mr. NEWELL. It will cut my profits on the health and welfare business.

Senator KENNEDY. How much would that be?

Mr. NEWELL. Fifty percent.

Senator KENNEDY. So it will cut your profits 25 percent?

Mr. NEWELL. It will not have anything to do with the pension, Senator, and it won't have anything to do with the group life.

Senator KENNEDY. It still looks to me like it is out of line with what it should be. It should be one-tenth of 1 percent, but you are approaching it.

Mr. NEWELL. That is one committee's opinion.

Senator KENNEDY. It is the committee of Mr. Hayes, who is head of the ethical practices of the AFL-CIO. As a result of a study of the whole field, he is giving what the average should be, based on experience.

Mr. NEWELL. It is possible that our district will find out that our men have the same coverage or better, and it may be less cost than Mr. Hayes has now. I am not sure, but we are working on comparative plans for the whole territory.

The CHAIRMAN. Is Mr. Brewster, as president of the western conference, the man who negotiates these terms with you?

Mr. NEWELL. No, sir.

The CHAIRMAN. Who?

Mr. NEWELL. They were not negotiated with me originally, Mr. Chairman.

The CHAIRMAN. I am talking about who fixes the price.

Mr. NEWELL. The insurance company fixes the price.

The CHAIRMAN. I am talking about fixing this broker's fee with you.

Mr. NEWELL. It has never been discussed, Mr. Chairman, the brokerage fee with Mr. Brewster or with Mr. Beck. The brokerage fee was originally set with my partner, Mr. Morganstern, he and the insurance company.

The CHAIRMAN. Somebody has to agree to it. Who agrees to it with you?

Mr. NEWELL. There has never been any disagreement.

The CHAIRMAN. There has been no disagreement. There was an agreement. Who agreed to it? Who agrees to it on the part of the teamsters?

Mr. NEWELL. The trustees of the health and welfare plans.

The CHAIRMAN. Who agrees to it on the part of the teamsters union? Mr. Brewster as trustee of that fund, is that it?

Mr. NEWELL. No. Mr. Brewster is not trustee of the funds, Mr. Chairman.

The CHAIRMAN. Who has it?

Mr. NEWELL. These funds are handled by a committee of employers and——

The CHAIRMAN. Is he a member of the committee?

Mr. NEWELL. No.

The CHAIRMAN. Who is?

Mr. NEWELL. Individual businessmen in various cities on the west coast, as well as members of the union. I don't mean to say that Mr. Brewster is not one of these trustees, but of the 200 plans in effect——

The CHAIRMAN. He appoints the trustees; does he not?

Mr. NEWELL. No.

The CHAIRMAN. Who appoints them, representing the union?

Mr. NEWELL. I imagine the local unions.

The CHAIRMAN. Maybe it is more complicated than I think it is. I am still of the opinion that Mr. Brewster has a great deal to do with it. You say he has nothing to do with it?

Mr. NEWELL. I didn't say that.

The CHAIRMAN. What does he have to do with it?

Mr. NEWELL. I said Mr. Brewster didn't serve on any of these committees with probably the exception of 1 or 2 of them, of the 200 that we are doing business with.

Mr. KENNEDY. Is it not true that these insurance policies are negotiated by the Western Conference of Teamsters rather than by the individual unions?

Mr. NEWELL. No. The insurance policy is negotiated by the broker.

Mr. KENNEDY. The welfare policy is negotiated by the broker for the Western Conference of Teamsters?

Mr. NEWELL. No; not for the western conference. The western conference has nothing to do with it. They are negotiated by the broker for these individual unions represented.

(At this point, Senators Kennedy and Curtis withdrew from the hearing room.)

Mr. KENNEDY. What is Mr. Brewster, then?

Mr. NEWELL. Mr. Brewster is president of the Western Conference of Teamsters.

Mr. KENNEDY. He designates the broker.

Mr. NEWELL. The Western Conference of Teamsters designate a broker.

Mr. KENNEDY. He designates the person, does he?

Mr. NEWELL. He never designated me originally——

Mr. KENNEDY. Each year it has been designated?

Mr. NEWELL. No. A letter of designation is on record and it stays in effect until canceled.

Mr. KENNEDY. And Mr. Brewster has the right to cancel?

Mr. NEWELL. Yes, sir.

The CHAIRMAN. In other words, to get it straight, you are continuing as the designated broker at his pleasure?

Mr. NEWELL. At his what?

The CHAIRMAN. At his pleasure, Mr. Brewster's pleasure.

Mr. NEWELL. Yes; they could fire me tomorrow.

The CHAIRMAN. That is right. For that reason, you have not pressed the collection of your \$40,000?

Mr. NEWELL. That has no bearing on it.

The CHAIRMAN. You would not think so?

Mr. NEWELL. No.

The CHAIRMAN. You have \$40,000 that you let drift around like that?

Maybe so, with these profits.

Mr. NEWELL. I have some stock with the Suez Canal that don't look any better.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Newell, when did the lowering from the 2 percent to the 1 percent go into effect?

Mr. NEWELL. Sometime the first part of the year, Mr. Kennedy, February or March.

Mr. KENNEDY. It went into effect?

Mr. NEWELL. Yes.

Mr. KENNEDY. Will your records show that?

Mr. NEWELL. Yes; the records of all these trustees will show it.

Mr. KENNEDY. Will you send us a notation or a notice?

Mr. NEWELL. We will send you a copy of the letter that we sent our men to notify the people at the meetings. The reason I say February or March is we notified our men but some of these meetings weren't held in March, they had already held their February meeting, and they couldn't notify their trustees and they had to notify the insurance company because it changes the retention of the individual accounts.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Senator McNamara?

Senator McNAMARA. You seem to be quite positive that Mr. Brewster has the authority to continue to do business with you. How does he get this authority?

Mr. NEWELL. I imagine he gets it from the committee, the policy committee, of the Western Conference of Teamsters.

Senator McNAMARA. I suppose you mean the executive committee when you say policy committee?

Mr. NEWELL. Yes. They call it the policy committee, I believe.

Senator McNAMARA. You don't know that it is spelled out that he personally is so designated?

Mr. NEWELL. No, Senator; I don't know.

Senator McNAMARA. You seemed quite positive in your reply that he had the power.

Mr. NEWELL. He is the head of the Western Conference of Teamsters; yes.

Senator McNAMARA. You are less positive now than you were when you made the statement; is that right?

Mr. NEWELL. I am positive that he is the head of the Western Conference, and they can stop doing business with me overnight; yes.

Senator McNAMARA. He could do it personally or would he have to get approval?

Mr. NEWELL. I imagine he would have to get the approval. But that wouldn't mean that we would have to stop doing business with the teamsters.

Senator McNAMARA. Are not the employee and the employer represented on this committee?



Mr. NEWELL. Yes; under Taft-Hartley.

Senator McNAMARA. Then Mr. Brewster did not have the authority that you said he had.

Mr. NEWELL. You misunderstood me.

Senator McNAMARA. No; I did not misunderstand you. You were positive.

Mr. NEWELL. I am positive that he can stop me from being broker for the Western Conference of Teamsters; yes.

Senator McNAMARA. He, personally?

Mr. NEWELL. He and his committee.

Senator McNAMARA. Now you have the committee. Who is the comptroller?

Mr. NEWELL. May I explain something. That wouldn't necessarily mean that the fact we are broker for local 217 they would stop using us.

Senator McNAMARA. That is another committee?

Mr. NEWELL. No. That is a local union that has a policy with us.

Senator McNAMARA. They have a separate policy?

Mr. NEWELL. That is handled by the employee and the employer, under Taft-Hartley.

Senator McNAMARA. And they control the brokers?

Mr. NEWELL. They control their individual policies.

Senator McNAMARA. And they control also the brokers?

Mr. NEWELL. Yes. Yes, they do.

Senator McNAMARA. You assume that they have delegated to Mr. Brewster—

Mr. NEWELL. No.

Senator McNAMARA. Then they still have this right and nobody has been delegated that business. Is this in the 10 percent of your business that you say is not done through the western conference?

Mr. NEWELL. No. This is part of the 90 percent that is done through the western conference.

Senator McNAMARA. But now your answer to my question is indication that Mr. Brewster does not have such positive control over it.

Mr. NEWELL. I am sorry because I gave that impression. The impression that I wanted to give was that Mr. Brewster and the western conference could stop me from being broker tomorrow. But that wouldn't necessarily mean that we wouldn't continue to go on doing business with some of these various local unions and under our present policies.

Senator McNAMARA. Does the Western Conference of Teamsters, as such, have a health and welfare plan?

Mr. NEWELL. Yes, sir.

Senator McNAMARA. And do you handle that one?

Mr. NEWELL. Yes, for their own employees.

Senator McNAMARA. How much of your business? How much of this 90 percent of the business is that directly?

Mr. NEWELL. A very small amount. If it is 1 or 2 percent, I would be amazed.

Senator McNAMARA. This they have direct control over, but the other is through the committees of local unions in cooperation with their employers; it is a joint affair?

Mr. NEWELL. That is right.

Senator McNAMARA. With employee representatives and management representatives of the various local union plans?

Mr. NEWELL. Yes, sir.

Senator McNAMARA. I think the record looks a lot different after you explain it in this manner.

Mr. NEWELL. Thanks for the explanation. I can use all the help I can get.

Senator McNAMARA. I do not want to indicate that I am particularly on your side. I am not, really.

Mr. NEWELL. I am sure you are not.

Mr. KENNEDY. Mr. Newell, does Mr. Beck have any personal insurance, any personal insurance handled through your company?

Mr. NEWELL. Not to my knowledge. At one time he did, years ago, but not since he got into the insurance business himself.

Mr. KENNEDY. That is the insurance company that we talked about?

Mr. NEWELL. That was a local agency you talked to Mr. Hedlund about the other day, I assume.

Mr. KENNEDY. He has another insurance company?

Mr. NEWELL. Not that I know of.

Mr. KENNEDY. You said that Mr. Beck is in the insurance business himself?

Mr. NEWELL. Well, apparently from what Mr. Hedlund says he is interested in a local agency.

Mr. KENNEDY. Did you handle his insurance back in 1953?

Mr. NEWELL. I don't know.

Mr. KENNEDY. You don't remember that?

Mr. NEWELL. No.

Mr. KENNEDY. What about Frank Brewster?

Mr. NEWELL. We still handle Frank Brewster's. I have handled his for 20 or 25 years.

Mr. KENNEDY. Do Dave Beck and Frank Brewster pay for their insurance with you out of their own personal funds or out of union funds?

Mr. NEWELL. I assume they pay it out of their personal funds.

Mr. KENNEDY. You never checked that at all?

Mr. NEWELL. No, I never did.

Mr. KENNEDY. You never examined it?

Mr. NEWELL. No. I don't handle the money, Mr. Kennedy. It goes into the office and the bookkeeper handles it.

Mr. KENNEDY. Would you be surprised to find that the Western Conference of Teamsters is paying for it?

Mr. NEWELL. Some of the things are owned by the Western Conference of Teamsters, some cars are owned by individual unions, and I think the unions in the Western Conference pays for them.

Mr. KENNEDY. What about their dwelling, back in 1953?

Mr. NEWELL. I wouldn't know anything about it. I would be surprised if the Western Conference is paying for it; yes.

Mr. KENNEDY. This is dated August 23, 1953, Dave Beck and Doctor Grinstein, building and equipment, their apartment house and a dwelling. The premium is \$123.28, paid for by the Western Conference of Teamsters. You were paid by the Western Conference.

Mr. NEWELL. I wouldn't know that. That was ordered by Doctor Grinstein. I wouldn't know who paid for it, Mr. Kennedy.

Mr. KENNEDY. It is a Western Conference of Teamsters check, No. 8526, the Western Conference of Teamsters paying for Doctor Grinstein's and Dave Beck's insurance on the building and their apartment. Have you any comments to make on that?

Mr. NEWELL. No. I have no knowledge of it.

Mr. KENNEDY. And Dave and Dorothy Beck and Frank Brewster, the building across the street from the Teamsters Building, dated July 14, 1953, insured for \$12,000, and a Western Conference of Teamsters check totaling \$182.80 was used to pay for that.

Mr. NEWELL. I wouldn't know about it.

Mr. KENNEDY. You have no comment on that?

Mr. NEWELL. No. I have no knowledge of it.

Mr. KENNEDY. Dave Beck had his share of the building across the street from the teamsters headquarters for an amount of \$48.10, also paid by the Western Conference of Teamsters, for his own personal, private property. Do you have any comment on that?

Mr. NEWELL. No.

Mr. KENNEDY. And Dave Beck had a 3-year robbery insurance policy for \$125, paid for out of the Western Conference of Teamsters. The date of that was September 15, 1953. That was also paid for by the Western Conference of Teamsters.

The CHAIRMAN. Does the witness deny these records?

Mr. NEWELL. No; I don't deny them, Mr. Chairman. I know nothing about them.

Mr. KENNEDY. That included Dorothy Beck, for accident insurance, \$50,000 accident insurance. That was out of the Western Conference of Teamsters check.

Then Betty Brewster, residence theft for \$1,000, with a premium of \$53.75, paid for by Local 174 of the Teamsters.

Mr. NEWELL. When?

Mr. KENNEDY. What?

Mr. NEWELL. When?

Mr. KENNEDY. July 9, 1953.

Mr. NEWELL. I just canceled a policy, for nonpayment of premium, of Betty Brewster.

Mr. KENNEDY. During that time, Local 174 of the Teamsters was paying for her policy?

Mr. NEWELL. Possibly.

Mr. KENNEDY. And Fred Vershueren, August 7, 1955—Mr. Chairman, that is one of the people we are looking for—3 years for household furniture, \$5,000, and the premium paid to you was \$17.30 by Joint Council 28.

We just took a sample, Mr. Chairman. We did not go through every year, but that is a sample of a few months out of 1 year.

The CHAIRMAN. Mr. Newell, do you ever look at your books?

Mr. NEWELL. No. I am not a bookkeeper. If I did, I wouldn't understand them.

The CHAIRMAN. Do you understand what has been asked you here?

Mr. NEWELL. Yes. I can understand a financial statement.

The CHAIRMAN. How long has this been going on, that you have been writing policies for these individuals, and collecting from the teamsters organization, either a local or the Western Conference?

Mr. NEWELL. I have no way of knowing, Mr. Chairman, because I don't handle any money, personally. It comes into our bookkeeping department.

The CHAIRMAN. Your records would reflect it.

Mr. NEWELL. Apparently they do.

The CHAIRMAN. Will you check your records and submit to this committee the number of policies for the last 5 years, or, rather, beginning in 1950, that you have written for these individuals, and have received the money from the teamsters, either a local or the Western Conference, or any council, from any source of the teamsters, so that this may be made a part of this record, and so that the teamsters, when they get representation and somebody to look after their interest, might recover this money?

Mr. NEWELL. I will be glad to, if our records show it.

Do they show it, Mr. Bellino?

Mr. BELLINO. Yes.

The CHAIRMAN. Will you go through your records, have your bookkeeper do it, and submit to this committee as soon as you can prepare it, a statement of these accounts, where the teamsters or any units of it, have paid for the personal insurance of individuals? Will you submit such a statement?

Mr. NEWELL. Yes.

The CHAIRMAN. The Chair is going to order and direct you to do it.

Mr. NEWELL. Who do I direct it to?

The CHAIRMAN. Sir?

Mr. NEWELL. When I complete it, whom will I direct it to?

The CHAIRMAN. Send it to me personally as chairman of the committee, and it will go into the committee records. At that time, when you submit it, you are submitting it under oath, according to your books, and you are ordered to submit it under oath. I want that made a part of the record so that those that are interested in the welfare of the union members may have the record to use in trying to recover this money that has been illegally and wrongfully paid.

(The following was subsequently supplied:)

*Insurance policies written by George C. Newell Co. for individuals listed below*

Beck, Dave:

Paid Jan. 15, 1953, Manhattan F. and M. 779101, covering dwelling in amount of \$5,000 (paid by Western Conference of Teamsters check)-----	\$48. 10
---	----------

Paid Aug. 13, 1953, Yorkshire Insurance Co., No. 552447, covers building in amount of \$12,000 in name of Dave Beck and Frank Brewster (paid by Western Conference of Teamsters check)-----	182. 80
---	---------

Paid Dec. 30, 1953, Yorkshire Insurance Co., No. CR 306246, coverage combination robbery \$4,000 (paid by Western Conference of Teamsters check)-----	125. 00
---	---------

Paid Dec. 30, 1953, Occidental Life Insurance Co., No. 565971, coverage accidental death \$50,000 (paid by Western Conference of Teamsters check)-----	102. 50
--	---------

Beck, Dave, and Dr. Alex Grinstein:

Paid Apr. 16, 1954, Yorkshire Insurance Co., No. 552438, covers building, \$6,000-----	43. 63
--	--------

Paid Apr. 16, 1954, Yorkshire Insurance Co., No. 552440, covers building, \$7,500-----	36. 00
--	--------

Paid Apr. 16, 1954, Yorkshire Insurance Co., No. 552441, covers building, \$6,000-----	43. 65
--	--------

(Paid by Western Conference of Teamsters check)

*Insurance policies written by George C. Newell Co. for individuals listed below—*  
Continued

Brewster, Frank W.:

Paid June 25, 1953, Manhattan F. and M., No. 58376, covers 1945 International truck (paid by local union No. 174)-----	38. 80
Paid Aug. 12, 1954, Manhattan F. and M., No. 62960, covers 1945 International truck (paid by local union No. 174)-----	29. 00
Paid July 15, 1955, Manhattan F. and M., No. 65166, covers 1945 International truck (paid by Joint Council of Teamsters, No. 28, check)-----	27. 00

Brewster, Betty: Paid Oct. 28, 1953, Yorkshire Insurance Co., No. RT 298287, covers residence theft (paid by local union No. 174)-----	53. 75
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Verschueren, Fred, Jr.:

Paid Jan. 20, 1954, Yorkshire Insurance Co., No. MV 355038, endorsement adding personal comprehensive (paid by Joint Council of Teamsters, No. 28, check)-----	5. 86
Paid Sept. 20, 1955, Yorkshire Insurance Co., No. 322595, covers household furniture (paid by Joint Council of Teamsters, No. 28, check)-----	17. 30

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

Senator McNAMARA. Do you know Mr. Shefferman?

Mr. NEWELL. I have met him. I have heard him tell stories. That is all. He never bought anything from me and I never done any business with him, if that is what you want to know.

Senator McNAMARA. I don't want to know that. I want to know is he in a similar business to what you are in, is he a competitor in any manner?

Mr. NEWELL. Not to my knowledge.

Senator McNAMARA. You don't know that he handles the brokerage business for teamsters?

Mr. NEWELL. Not to my knowledge.

Senator McNAMARA. You know him only incidentally?

Mr. NEWELL. That is all.

Senator McNAMARA. That is all.

The CHAIRMAN. The Chair presents to you a photostatic copy of a document taken from the files of local 174. I will ask you to examine it and see if you can identify it.

(Document handed to the witness.)

Mr. NEWELL. It is taken from whose records, Mr. Chairman?

Mr. KENNEDY. Local 174.

Mr. NEWELL. No, I can't identify it. I never saw it before in my life.

Mr. KENNEDY. Are you familiar with the figures there at all?

Mr. NEWELL. No.

Mr. KENNEDY. They mean nothing to you?

Mr. NEWELL. Not a thing.

Mr. KENNEDY. It states at the top:

Results of statistical division and broker meeting with Occidental Life Insurance Co., January 12, 1955.

Mr. NEWELL. Statistical division of what?

Mr. KENNEDY. That is all it says.

Mr. NEWELL. I wouldn't know.

Mr. KENNEDY. It says total return of hidden profits, company overhead and other hidden items, \$920,946. Do you know what that means?

Mr. NEWELL. I have no knowledge of it.

Mr. KENNEDY. Can you explain that?

Mr. NEWELL. No.

Mr. KENNEDY. What would be hidden profits?

Mr. NEWELL. I would be honest with you, I don't know what hidden profits are.

Mr. KENNEDY. It says a reduction in brokerage commission from 4 percent to 2 percent, and then it says \$6,000. What does that mean? Do you know?

Mr. NEWELL. No. I don't know of any 4 percent brokerage, Mr. Kennedy. What is the date of that?

Mr. KENNEDY. 1955.

Mr. NEWELL. We didn't get any 4 percent brokerage in 1955.

Mr. KENNEDY. You have no explanation?

Mr. NEWELL. No.

Mr. KENNEDY. Can we have that made an exhibit through Mr. Bellino?

The CHAIRMAN. Yes.

The document that the witness has been interrogated about, to which counsel has referred, will you state from where you received that document and how you received it?

#### TESTIMONY OF CARMINE BELLINO—Resumed

Mr. BELLINO. I will identify this as being a document which was given to us from the records of local 174, in Seattle.

The CHAIRMAN. And that you obtained under subpoena?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. That may be made exhibit 202.

(The document referred to was marked "Exhibit No. 202" for reference and will be found in the appendix on p. 2568.)

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess until 2:30.

(Thereupon, the hearing was recessed at 12:30 p. m., to reconvene at 2:30 p. m., the same day.)

(Members present at the taking of the recess: Senators McClellan and McNamara.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

(Present at the convening of the session were Senators McClellan and Ives.)

The CHAIRMAN. Mr. Ray Fields, will you come around please?

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth and nothing but the truth so help you God?

Mr. FIELDS. I do.

#### TESTIMONY OF RAYMOND H. FIELDS

The CHAIRMAN. State your name and place of residence and your business.

Mr. FIELDS. Raymond H. Fields, Guymon, Okla., newspaper publisher.

The CHAIRMAN. You have conferred with members of the staff, have you, regarding your testimony?

Mr. FIELDS. I have.

The CHAIRMAN. You elect to waive counsel?

Mr. FIELDS. I do.

The CHAIRMAN. Mr. Kennedy, you may proceed.

Mr. KENNEDY. You are a publisher now, Mr. Field?

Mr. FIELD. I am.

Mr. KENNEDY. Of what?

Mr. FIELDS. Guymon Daily Herald, and the Guymon Observer.

Mr. KENNEDY. Where is that?

Mr. FIELDS. Guymon, Okla.

Mr. KENNEDY. You used to be with the American Legion?

Mr. FIELDS. I was.

Mr. KENNEDY. From what year were you with the American Legion?

Mr. FIELDS. From 1945, from V-J Day 1945 until March, 1949.

Mr. KENNEDY. In that connection, with the American Legion, you were doing some public relations work?

Mr. FIELDS. I was national director of public relations.

Mr. KENNEDY. During that period of time?

Mr. FIELDS. That is correct.

Mr. KENNEDY. Now, did you have any connection with the sale of the property here in Washington to the Teamsters International Brotherhood?

Mr. FIELDS. I initiated the deal.

Mr. KENNEDY. Could you tell us what steps you took?

Mr. FIELDS. Well, I was associated in a business way with Mr. Frank Salisbury an author, lawyer, and man with a number of promotional plans in Washington. He was attorney for the radio corporation, in which I have an interest and he had apprised me of the fact that the teamsters union was moving their international headquarters from Indianapolis, where I was living located, at Legion headquarters, to Washington.

In November of 1948, the national executive committee of the Legion had decided to sell this property at Louisiana and D Street, comprising some 23,500 square feet, as surplus property and to build in their present location in Washington and it occurred to me that the teamsters might be a prospect for buying this surplus property from the American Legion.

I went to the treasurer of the teamsters union, Mr. English, in Indianapolis, and brought up the subject of the sale with him. Mr. English stated after the description was given that this seemed to be about the property they wanted in Washington but advised that I should see Mr. Dave Beck, the chairman of the executive committee whom I incidentally knew in passing and also, Mr. Dan Tobin, the president of the international teamsters at that time.

Mr. Tobin was ill and he was at his office infrequently and I got him by telephone and described the property and he also stated that he thought this was about what the teamsters wanted in Washington, but advised that I contact Mr. Beck who was chairman of the executive committee and who was the person or his committee was responsible for purchasing of the site and building of the teamsters' headquarters.

Mr. KENNEDY. This all took place about February of 1949?

Mr. FIELDS. This took place between February 20 and March 1, of 1949.

Mr. KENNEDY. Would you continue, please?

Mr. FIELDS. I called Mr. Beck on the west coast. I believe I called Seattle and I was referred to Portland. There I was informed that he was at the Alcazar Hotel in Miami, Fla.

I reached him there. I identified myself as having been a labor relations officer in the Army and having met him a time or two and he said that he recalled me. I told him what my mission was in calling. I described the property and he said he thought that this would be a very attractive proposition for the teamsters union.

He asked me the price and I told him \$15 a square foot. The American Legion had \$12-a-square-foot investment. He told me—

Mr. KENNEDY. To make sure we get that clear, at that time you said to Mr. Dave Beck that the price that the American Legion wanted on this property was \$15 a square foot?

Mr. FIELDS. That is correct. I had not quoted the price to either Mr. English or Mr. Tobin.

Mr. KENNEDY. This would have allowed the American Legion a profit because they had purchased it originally for \$12 a square foot?

Mr. FIELDS. At a gross profit approximately of \$17,500.

Mr. Beck told me that he would send a representative from Chicago to see me at an early date. I asked that he delay this beyond March 8 because a committee was meeting in Washington and it had before them my resignation and it was my intent to resign on that date. And so I did.

Mr. KENNEDY. Why did you want it delayed until after you resigned from the American Legion?

Mr. FIELDS. This would be an individual deal and I was not representing the American Legion.

Mr. KENNEDY. This would allow you personally to have a commission on it?

Mr. FIELDS. That is correct.

Mr. KENNEDY. Will you continue?

Mr. FIELDS. I received a call, I believe, about the 12th of March from Chicago and the person calling identified himself as Nathan Shefferman, representing Mr. Beck. He asked for a conference in Indianapolis.

I cannot state the exact date that we set for the conference, but it was soon thereafter. I notified Mr. Salisbury who was my partner in this matter, since I had no license to brokerage real estate in the District of Columbia. We had a conference at the Antlers Hotel in Indianapolis. Mr. Shefferman and Mr. Salisbury and myself were there.

Mr. KENNEDY. Will you continue?

Mr. FIELDS. We presented the deal to Mr. Shefferman and asked a price of \$15 per square foot, or \$335,000 gross. He seemed very much interested in the property. I believe that he had acquainted himself more definitely with it during the interval from my conversation with Mr. Beck and the conference in Indianapolis. He seemed well acquainted with the property.

Mr. KENNEDY. You told him at that time that the American Legion was willing to sell the property for \$15 a square foot?

Mr. FIELDS. I told him that the American Legion wanted to sell the property and that the price was \$15 per square foot, from myself.



The American Legion, I learned subsequently, had it listed for \$12 in Washington, with the Harold L. Bangs agency here.

Mr. KENNEDY. What did he state to that?

Mr. FIELDS. Well, I believe the conversation was rather lengthy and my recollection is that he was favorably impressed with the property and the price. Then he suggested that instead of selling to the teamsters union, that he set up an intermediate corporation and that we sell to this corporation for \$15 per square foot.

He subsequently would sell to the teamsters union his proposal for \$18 per square foot. This would represent approximately \$17,500 up on the price. He proposed to Mr. Salisbury and myself that he would take half of this increase and give us the other half.

Mr. KENNEDY. Now did he state at that time who he was representing and who was in the deal with him?

Mr. FIELDS. He had to be representing Mr. Beck because it was myself who contacted Mr. Beck and Mr. Beck had replied that he would send a representative from Chicago and Mr. Shefferman called me as a representative of Mr. Beck from Chicago and came to Indianapolis representing Mr. Beck or perhaps others.

Mr. KENNEDY. Now in this intermediate corporation that was going to be set up, where the American Legion would sell it to the intermediate corporation for \$15 a square foot, and then this intermediate corporation would sell it to the teamsters for \$18 a square foot, you were to be a part of that deal and Mr. Salisbury was to be a part of the deal, to take 50 percent of the profits.

Mr. FIELDS. That is correct.

Mr. KENNEDY. And then Mr. Shefferman was to have 50 percent of the profits. Did Mr. Shefferman tell you that Mr. Beck was interested in this deal?

Mr. FIELDS. I asked Mr. Shefferman definitely if Mr. Beck was aware of this proposal. He replied in effect, "Well, I am here as his representative, am I not?"

Mr. KENNEDY. So what did you do then?

Mr. FIELDS. Mr. Salisbury and myself decided that dealing with anyone, and not with Mr. Shefferman in particular, but the teamsters union or any other group in the sale, I had to have further authorization and this was relayed to me also by the national adjutant of the American Legion, Hank Dudley, whom I had discussed it with.

I had also discussed it with Perry S. Brown, the then national commander of the Legion and he had told me that I had to get special authorization from a committee for location and erection of national headquarters or of headquarters rather, in Washington for the American Legion.

Mr. Milo J. Warner, past national commander of the American Legion of Toledo, was chairman of that committee. So Mr. Salisbury and myself decided that my next move in any event had to be to get authorization for the sale of the property. I contacted Mr. Warner in his office at Toledo, and I went personally to see him there.

Mr. KENNEDY. Would you continue?

Mr. FIELDS. Mr. Warner told me that the property had been exclusively listed and this was not to my knowledge before that, with the J. Harold Bangs agency in Washington and that any action would have to be taken with their consent and that I would have to make a

deal with them or a deal would have to be made with them, and they were the exclusive agents.

They had bought the property for the Legion and they had operated the property for the Legion as a parking lot and they had the exclusive listing for the sale. He asked me if I had a firm deal, and I told him that it appeared so and he asked me to put up \$25,000 in earnest money and I recall that we had some humorous remarks about taking \$25,000 on a very flimsy deal and that I did not know that I could sell it and I might be investing \$25,000 that I would have to borrow and so forth and so on.

Then I was at all times concerned about the ethics of selling to Mr. Shefferman. I returned to my home. Although I was living in Indianapolis, Guymon, Okla. was my home and I was a publisher there. I consulted my lawyer and perhaps as dear a friend as I have, deceased as of late February, Judge Gordon Berer. He told me that on the deal with Mr. Shefferman I would not be civilly liable, but he very prophetically said that some day this union racketeering is going to be busted wide open and you would not want to be a part of it.

As a consequence of our conversation, I contacted Mr. Shefferman in Chicago and told him that I wanted no part of his proposal.

Mr. KENNEDY. Then were arrangements followed through by the American Legion?

Mr. FIELDS. Mr. Salisbury subsequently contacted the J. Harold Bangs agency and made a deal whereby he became their representative and they had the authorization of the American Legion. The deal was subsequently made on the \$15 basis.

I am confident that the preliminary contact with Mr. English and Mr. Tobin had something to do with the fact that the deal did not fall through when we rejected Mr. Shefferman's proposal.

Mr. KENNEDY. You had no more firsthand contacts yourself?

Mr. FIELDS. I had none whatsoever. There may have been some correspondence with Mr. Salisbury, but I don't recall it until I received my commission check from Mr. Salisbury. Bangs was paid the 3 percent commission, \$11,780.

Mr. Salisbury received half of that and I received half of that, or seventy-five one-hundredths of 1 percent was my commission.

Mr. KENNEDY. How much did you receive?

Mr. FIELDS. Seventy-five one-hundredths of 1 percent.

Mr. KENNEDY. How much did that amount to?

Mr. FIELDS. Approximately \$2,800.

Mr. KENNEDY. Mr. Salisbury is the one who carried out the negotiations?

Mr. FIELDS. I had no further contact with the deal.

Mr. KENNEDY. And you did not meet with Mr. Shefferman again?

Mr. FIELDS. I never saw Mr. Shefferman, but the one time and I never contacted Mr. Beck except by phone in Miami.

Mr. KENNEDY. Mr. Chairman, we are finished with this witness and I would like to call Mr. Salisbury.

The CHAIRMAN. Are there any questions?

Thank you very much and, Mr. Fields, if you stand by for a little while we may want you again.

Mr. Salisbury is the next witness.

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth so help you God?

Mr. SALISBURY. I do, sir.

**TESTIMONY OF FRANKLIN C. SALISBURY, ACCOMPANIED BY HIS  
COUNSEL, GEORGE W. WALL, JR.**

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. SALISBURY. Sir, may I put these to one side so that I can get my papers arranged? I have asked Mr. Wall, associated in law to handle these papers for me.

The CHAIRMAN. Will you state your name and your place of residence and your business or occupation?

Mr. SALISBURY. My name is Franklin Salisbury. My residence in Washington is 1661 34th Street, in Georgetown and I am a legal resident of Ohio. My occupation is attorney, Government relations counselor, and I at present am on duty with the Department of the Interior where I am assistant solicitor in American Indian activities, legal activities of the American Indian tribes.

The CHAIRMAN. Have you discussed with members of the staff the information that you have regarding the subject matter under inquiry?

Mr. SALISBURY. Yes, sir; I am under subpoena by the committee and I have discussed this with the staff.

The CHAIRMAN. Have you counsel present?

Mr. SALISBURY. Yes; I have my former legal associate, Mr. George Wall to assist me in handling papers.

The CHAIRMAN. Mr. Wall, you might state your name and place of residence and your business or occupation for the record.

Mr. WALL. George W. Wall, Jr., of Vienna, Va., a practicing attorney in the District of Columbia.

The CHAIRMAN. Thank you, sir.

All right, Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Salisbury, how long have you been with the Department of the Interior or the Government?

Mr. SALISBURY. Approximately 2 years, a little under 2 years.

Mr. KENNEDY. Prior to that time, were you in business for yourself here in Washington?

Mr. SALISBURY. Yes, sir, for many years after the war, after the Second World War, I was in private practice, acting primarily as an entrepreneur.

Mr. KENNEDY. What does that mean?

Mr. SALISBURY. An entrepreneur is a person who brings persons together in the formation of new companies.

Mr. KENNEDY. In that connection, were you associated or did you have anything to do with the sale of the property by the American Legion to the Teamsters International Brotherhood here in Washington, D. C.?

Mr. SALISBURY. Yes, sir, I did.

Mr. KENNEDY. Could you tell us what connection you had and when it started and when it originated?

Mr. SALISBURY. Yes, sir. Back in 1949 I was acting as an independent entrepreneur dealing with Mr. Henry Ford, second son of

the Ford Motor Car Co. and his secretary of that company by the name of Mr. Rudy Powell in connection with the sale or actually with the possible promotion of a new building on their property on 13th and Pennsylvania. In that connection I obtained a real-estate brokers license in order to protect myself from other real-estate brokers, and I spent about 2 years on that, also looking for possible newcomers to town.

At that period, I read in the Washington News that the teamsters were coming to town and they had a picture of their Indianapolis headquarters and so it wasn't particularly private information.

Mr. KENNEDY. When you say that they were coming to town, you mean they were interested in buying some property here?

Mr. SALISBURY. Yes, sir. They were obviously going to move and so I thought, well, the Ford property would be a wonderful place for them. So I happened to have an associate, Mr. Fields, with whom I was interested in several different types of promotions, radio stations and what not, and I also represented him as a lawyer and so I called him and asked him if he wouldn't get in touch with somebody in Indianapolis who was connected with the union.

Shall I go on? It's a rather long story.

Mr. KENNEDY. You had this Ford property that you thought might be sold to the American Legion?

Mr. SALISBURY. To the teamsters union.

Mr. KENNEDY. I mean the teamsters.

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. And you also knew of the American Legion property?

Mr. SALISBURY. At this time I was not familiar with the property.

Mr. KENNEDY. Just the Ford property?

Mr. SALISBURY. Yes, sir. After getting in touch with Mr. Fields, he said, "Well, I am familiar with another piece of property which I think would even be better," and so I naturally said, "Well, let us proceed and let the chips fall where they may and I prefer to sell the Ford property, but if we have to sell the American Legion property, that is fine, too."

Mr. KENNEDY. So did you go ahead and proceed?

Mr. SALISBURY. That's right.

Mr. KENNEDY. Could you just go through what happened in your own words, and then I understand you kept a diary at the time and we will come back to that.

Could you go through in your own words what happened and what occurred?

(At this point, Senator Mundt entered the hearing room.)

Mr. SALISBURY. Well, you will recall that Mr. Fields was in Indianapolis and I was here. Mr. Fields came to Washington in connection with his resignation from the American Legion and also in connection with his proposed radio station, and naturally I saw him and we had many conversations about these properties.

Then, he went back out to Indianapolis and as you have heard he got in touch with Mr. Beck, and Mr. Shefferman appeared on the scene. Then, he telephoned me and I came out to meet Mr. Shefferman and Mr. Beck.

Mr. KENNEDY. That is the meeting that Mr. Fields has described?

Mr. SALISBURY. At the Antlers Hotel.

The CHAIRMAN. You did not meet Beck there?

Mr. SALISBURY. No, not yet, just Mr. Shefferman.

Mr. KENNEDY. Did Mr. Shefferman at that meeting describe himself as a representative of Mr. Beck?

Mr. SALISBURY. Mr. Shefferman was never that exact in anything that he said, but I got that impression.

Mr. KENNEDY. Was he representing the teamsters union there?

Mr. SALISBURY. He seemed to be; yes.

Mr. KENNEDY. Did you state at that time, or was it stated at that time by your side, by either Mr. Fields or yourself that this property was for sale to the teamsters for \$15 a square foot?

Mr. SALISBURY. That was the price and I got that price from Mr. Fields. That was the price we were trying to sell it at.

Mr. KENNEDY. Did Mr. Shefferman at that time suggest that you set up an intermediate corporation, a company?

Mr. SALISBURY. Mr. Shefferman suggested that this would be an appropriate place to set up a company, to purchase the property from the American Legion and to turn around and sell it to the teamsters union at a profit.

Mr. KENNEDY. Who was going to be in the intermediate corporation?

Mr. SALISBURY. Well, I had the honor of being invited and I don't know whether I ever could have made the grade, but I understand Mr. Fields was also invited but there was a small amount of \$25,000 involved that would have to be raised.

Mr. KENNEDY. So what were you to do? The American Legion was to sell the property to this intermediate corporation for \$15 a square foot and then that corporation in turn sell it to the teamsters for \$18 a square foot.

Mr. SALISBURY. That is right.

Mr. KENNEDY. Was that the proposition that Mr. Shefferman made?

Mr. SALISBURY. That was the proposal.

Mr. KENNEDY. That was the proposal made by Mr. Shefferman at this meeting?

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. Did you understand that Mr. Dave Beck was going to share in that?

Mr. SALISBURY. I understood that this was done with Mr. Beck's approval and I don't know that Mr. Beck was to share.

Mr. KENNEDY. This was done with his approval?

Mr. SALISBURY. It was represented as being something that he was certainly in favor of. Now, this is pure hearsay. This chap just appears ades majini here and makes this statement.

Mr. KENNEDY. He does what?

Mr. SALISBURY. He comes like God out of the machinery of the stage.

Mr. KENNEDY. Then after that the meeting broke up. Did you go back to the American Legion?

Mr. SALISBURY. Now, I have a list of telephone calls which will refresh my memory as to what happened then, because most of this stuff was done by long-distance phone.

MR. KENNEDY. Why don't you start on your diary, and if there are any questions as we are going along—you kept a diary during this period of time?

MR. SALISBURY. Well, I object to the word "diary." I am a writer and I was in the process of writing this book called Speaking of Politics.

The CHAIRMAN. That is a good plug for the book.

MR. SALISBURY. It is a good book.

I kept a journal from which I got the material and in that connection one of the most interesting things that I had done in that particular period was this merry-go-round with this sale of this property.

MR. KENNEDY. You kept a journal as to the events that occurred day by day?

MR. SALISBURY. That's right on anything of importance that would lead to good material for a book and I don't propose to write on the subject of union relations, but I could.

Now, approximately March 20 I went and took a round trip to Indianapolis.

MR. KENNEDY. Let me make a suggestion. Why don't you read from the diary and then we will get into your telephone calls.

MR. SALISBURY. All right.

MR. KENNEDY. That is from your journal, I mean.

MR. SALISBURY. Yes. On March 6, 1949, I wrote as follows:

I did Saturday have a meeting with Ray Fields. He is a client and is resigning his job as national publicity director of the American Legion. He will return to Guthrie, Okla., and carry on his business interests with Wentz.

That is Mr. Lou Wentz, prominent Oklahoma citizen.

I asked him to get my Ford property story to Beck in Indianapolis. Beck plans to get his International Teamsters Union to Washington and what would be a finer place to head up than in a building on 13th and Pennsylvania.

I also asked him to check with Mr. Wentz to see if he would be interested in the promotion of a new radio station in Kansas City, Kans.

MR. KENNEDY. The next is March 12?

MR. SALISBURY (reading):

Ray Fields called from Indianapolis and said that a representative of Dave Beck would meet us to talk over possible properties for their new Washington headquarters.

That was quick interest. \* \* \* This morning had a breakfast conference with Ray Fields and N. W. Shefferman [sic] at the hotel in Indianapolis—the Antlers, to be exact. He seemed to be more interested in the Louisiana and D Street property owned by the American Legion, which Ray brought up.

I explained the Ford property had the advantage of permitting a building which had commercial and renting possibilities—the Legion property has monumental office building possibilities; costs one-third the price—but is a one-tenant deal. I hope they are interested in one or the other.

Then on March 29 my journal indicates:

Best bet is sale of the American Legion property to International Teamsters Union. It was muddled by effort of N. W. Shefferman to make some quick money on the transaction by way of an intermediate purchase. But neither he nor Ray Fields had the \$25,000 deposit which Milo Warner of the Legion required. N. W. Shefferman is back now to the idea of representing Dave Beck on a straight purchase.

MR. KENNEDY. Is that the intermediate deal that you have testified to?

Mr. SALISBURY. Yes, sir; that was. I understand now that Mr. Fields did have the \$25,000 but his lawyer sort of indicated it would be a poor investment and I didn't know it at the time.

Then, on May 3, I wrote this about the transaction as it was developing:

First trip was at the request of N. W. Shefferman to see Dave Beck, head of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers Union.

The trip was shorter than the name of the organization. I took advantage of it.

Arrived in Chicago and took a room for the day at the Hotel Morrison. Dave Beck and party were set up there.

If it was good enough for the second ranking labor leader of the United States, it is good enough for me.

Dave Beck, heavy-set, round-faced, sort of sleeves-rolled-up type, proved most friendly. He was a lot more simple and direct than the overly circuitous Shefferman. His court was in attendance, pleasant homespun Fred Tobin and his son, and their Washington lawyer, J. Albert Woll, and several others.

Woll apologized to me for the runaround which he had given me when I first approached him through Dick Durham. He said it had been orders. We discussed the advantages of the American Legion property on Louisiana and D—the contract which I had brought with me—and finally Dave Beck signed it with Fred Tobin for the union, and myself for my associate, H. L. Bangs and myself. The purchase price—\$353,000. They had the union send a \$25,000 check as a downpayment to my office in Washington.

Then on the 26th, I wrote——

Mr. KENNEDY. Read them a little slower, please.

Mr. SALISBURY (reading):

Finally notified that S. Harry Brown of the American Legion had signed on behalf of the Legion. Notified Dave Beck and Fred Tobin. Got "bawled out" by N. W. Shefferman for having anything to do with Tobin, yet he was one of those who signed on behalf of the union. I smell an onion somewhere in that setup.

Then, on May 7, I wrote:

Shefferman called me today, a little bit on the quieter side—suggested that I ought to have caught on by now that something is something somewhere on the deal.

I couldn't catch on to what he was to do.

Shefferman has had the effrontery to appear in the business of the sale of the American Legion property as the agent for the International Teamsters Union but at all times he has muddled the waters. First he tried to set up an intermediate sale with Fields and myself sharing in the profits. I was agreeable for he said that Dave Beck wanted it that way so I revealed to the Legion that I was to participate in a deal with Ray Fields (et al.).

They, through Milo Warner, wired back and said that I was not representing them. But Fields and Shefferman could not put up the \$25,000 needed for a downpayment to swing the intermediate sale, so it had to go as a straight sale.

That was what I had been interested in accomplishing all the time. So I negotiated a sale at the \$15 per square foot price. That price was suggested originally by Ray Fields—raised by the intermediate sale suggestion of Shefferman—who said that he had a private deal on behalf of himself and Dave Beck at \$18.

That fell through so he said that he would press for a sale at the original \$15 rather than \$18 price. The sale went through.

Mr. KENNEDY. Just a little slower so that we can understand it.

Mr. SALISBURY (reading):

Shefferman has been continually criticizing me by saying that I have been actively naive. For example, I notified Fred Tobin that the sale had gone

through. After all, he signed the contract with Dave Beck. Why should he not be notified?

Next at the Chicago meeting he asked me—

that is Mr. Tobin—

for certain photos of the property. I called his office here—

the buyers—

International Teamsters Union. Now, Shefferman claims I am naively upsetting the deal. He even called my office and told Frank Fletcher—

who was my associate—

I was upsetting him by not following instructions.

He, in turn, intimates that unless he handled the deal it would not go over, for—like the treatment I received from the union lawyer in town—one J. Albert Woll, i. e., silence bordering on discourtesy—the sale would have fallen through but for his efforts.

He emphasized that I have been displeasing Beck by even talking to Tobin. Beck and Tobin are supposed to be top men in this teamsters union. It could be that they are actually working together as they should and that actually this character Shefferman is cutting their throat to make a dime for himself.

Today he said members of the union would be calling on me to ascertain the part that he had played in getting the price down from \$18 to \$15. Obviously, he expects a fee on a saving amounting to some \$75,000 and I am to substantiate his story. I can truthfully say that he settled on the \$15 price yet not mention that he tried to get the price up to \$18. He deserved, if anything, to be fired as a disloyal agent if he was supposed to be bargaining for the best interest of his client Beck and teamsters.

I do not represent them—work with them—I represent myself as a “finder.” At most I represent the Legion as—with Bangs—their agent. Beck or Shefferman have no relation or privity with me. In fact, we represent opposing interests—they are the buyers; I represent and am paid by the sellers.

I could pass the whole matter off as just a bit of fragrance from the politics of union labor and tell them if they wish to know about Shefferman ask him—he is their agent, not mine.

Mr. KENNEDY. I understand an approach was made to you by Shefferman after this deal went through, that you should tell the teamsters if they ever contacted you, that he had been responsible for getting the price of the property down from \$18 a square foot to \$15 a square foot; is that right?

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. And the facts were that the property had been offered right from the beginning for \$15 a square foot, is that right?

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. Did Mr. Shefferman call you on this or telephone you?

Mr. SALISBURY. He called me on this. However, nobody from the union ever called me.

Mr. KENNEDY. So you never had to mention it?

Mr. SALISBURY. No.

Mr. KENNEDY. But he had been in fact trying to get up from \$15 to \$18 per square foot, and he had been doing the opposite of what he wanted you to describe to the union he had done?

Mr. SALISBURY. That is right.

Mr. KENNEDY. You said that you had a list of telephone calls.

Mr. SALISBURY. Well—

Mr. KENNEDY. What was Mr. Shefferman's attitude during this period of time? Did you have much contact with him?



Mr. SALISBURY. Mostly by phone. He was a very difficult man to get along with. He did all of the talking and I have seldom said anything.

Mr. KENNEDY. What was he so difficult about? What was the problem?

Mr. SALISBURY. His manners were difficult. He was like a top sergeant in the Army.

Mr. KENNEDY. Why was he being difficult?

Mr. SALISBURY. I think that is his character.

Mr. KENNEDY. Was it some problem that it seemed he was worked up about?

Mr. SALISBURY. He was worked up all of the time. The thing was going along and there were no problems, very nicely but he was angry all of the time.

Mr. KENNEDY. How many times did he contact you by telephone?

Mr. SALISBURY. I would say probably 25 times. I only kept a record of long-distance calls.

Mr. KENNEDY. I notice from your diary, it indicates that he wanted you to stay away from telling the officials of the teamsters how the deal was progressing.

Mr. SALISBURY. Yes. I caught on to that and I didn't at first.

Mr. KENNEDY. What was your impression as to what he was trying to accomplish by saying that or doing that?

Mr. SALISBURY. Well, at that time, until the date I read these remarks, I had not been able to figure out what his particular capacity was. Then, as I mentioned to you, I felt he was not being a loyal agent to the union, if he was in fact an agent.

It was very difficult in dealing with Mr. Shefferman to determine exactly what he was trying to do. He was very clear about the \$15 to \$18 intermediate deal, but I saw no reason for his making it so difficult when we were back on the track.

Mr. KENNEDY. You think he was trying to put over the point to the officials of the teamsters that he was the one that was responsible for negotiating the deal, rather than them, and, therefore, get a fee himself?

Mr. SALISBURY. I gathered that because that must have been the reason for my not talking to the union, because I might have so-called spilled the beans.

Mr. KENNEDY. Would you imagine also that he was saying to the teamsters union, at least from what he was saying to you at the time, he was saying to them that "The American Legion wants to sell this for \$18 a square foot, but I am negotiating to get it down to \$15 a square foot"?

Mr. SALISBURY. I think that is obvious; yes, sir.

Mr. KENNEDY. Was that your own conclusion from the statement or request that he made of you at the end?

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. That you should tell the American Legion that he had been, in fact, responsible for getting the price down?

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. Is that correct?

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. Do you know if he ever received any fee for it?

Mr. SALISBURY. That I don't know.

Mr. KENNEDY. I mean to tell the teamsters that he had been responsible for getting the price down.

Mr. SALISBURY. Yes, sir.

Mr. KENNEDY. Is there anything further that you want to add on to this? Is there anything further that you have on it?

Mr. SALISBURY. Well, if you want for the record the dates of these telephone calls.

Mr. KENNEDY. That will be fine.

Mr. SALISBURY. March 21, telephone to Ray Fields at Guthrie; March 23, Ray Fields at Guthrie; May 28, Shefferman at Chicago; May 29, Ray Fields at Guthrie; April 26, round trip to Chicago.

The CHAIRMAN. Do you have the list of them there?

Mr. SALISBURY. Yes, sir.

The CHAIRMAN. That may just be inserted in the record at this point and it will save your time reading all of them.

Were you calling them?

Mr. SALISBURY. They were calling me and I only kept a record of my calls, because those are deductible expenses.

The CHAIRMAN. You did not keep the record of their calls to you?

Mr. SALISBURY. Not to me; no.

The CHAIRMAN. Would Shefferman call you himself?

Mr. SALISBURY. Yes, sir.

The CHAIRMAN. He would call you a number of times?

Mr. SALISBURY. We were negotiating and we would call back and forth.

The CHAIRMAN. May we copy that list in the record of the telephone calls, please?

Mr. SALISBURY. Yes.

(The list is as follows:)

*American Legion property sale, 1949*

Mar. —. Round trip to Indianapolis (Ober Steamship), Hotel Antlers

Mar. 21. Telephone Ray Fields (Guthrie)

Mar. 25. Telephone Ray Fields (Guthrie)

Mar. 28. Shefferman (Chicago)

Mar. 29. Ray Fields (Guthrie)

Mar. 21. Photographs of property (T. F. Scott Co.)

Mar. 21. Photograph album: Typing at 20 cents per letter (14 letters)

Apr. —. Typing at 20 cents per letter (3 letters)

Apr. 26. Round trip to Chicago, Ober Steamship

Apr. 18. Telephone call, Shefferman (Chicago)

Apr. 26. Telephone call, Milo Warner (Columbus)

Apr. 28. Telephone call, Ray Fields (New Albany)

May 6. Telephone call, Shefferman (Chicago)

May 10. Telephone call, Shefferman (Chicago)

May 4. Telegram, Indianapolis

May 5. Telegram, Seattle

June 10. Telephone call, Shefferman (Chicago)

June 22. Telephone call, Ray Fields (New Albany)

Expenses Ray Fields—check to Ray Fields

Commission Ray Fields—one-half balance

Services rendered, Ray Fields—one-half balance

June 22. Received cash

Mr. KENNEDY. Could we have these excerpts from the diary made a part of the record?

The CHAIRMAN. He read from the journal and I think that would be the best evidence. I did not detect any substantial variation from this copy.

Mr. KENNEDY. That is fine.

The CHAIRMAN. The next witness?

Mr. KENNEDY. Mr. Duffy.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUFFY. I do.

### TESTIMONY OF LaVERN J. DUFFY

The CHAIRMAN. State your name and place of residence and what your present occupation is.

Mr. DUFFY. My name is LaVern Joseph Duffy, and I live here in Washington, D. C., and I am a member of the staff of the Permanent Subcommittee on Investigations of the United States Senate, on temporary duty with this special committee.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, Mr. Duffy, you have been doing some work in connection with the sale of the property from the American Legion to the teamsters union?

Mr. DUFFY. I have, sir.

Mr. KENNEDY. You have interviewed Mr. Fields and Mr. Salisbury in connection with that?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Did you also serve a subpoena on the teamsters union, the International Brotherhood of Teamsters here in Washington, D. C., to get copies of their minutes during the year 1949 of their executive board?

Mr. DUFFY. I did, sir, on April 23 I served a subpoena duces tecum on John English, secretary-treasurer of the teamsters here in Washington.

Mr. KENNEDY. Now, did you search those minutes that were kept to determine whether there was anything in them about the purchase of this property from the American Legion?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Was there any mention about the purchase of the property by the American Legion?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Was there any mention in those minutes about a fee to be paid in connection with that purchase?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Do you have those minutes?

Mr. DUFFY. I have a photostatic copy of the original minutes subpoenaed from the teamsters and if I may I would like to read the pertinent section which relates to the issue before the committee.

Mr. KENNEDY. Can we get them identified, please?

The CHAIRMAN. You have them before you?

Mr. DUFFY. I will identify the photostatic copy.

The CHAIRMAN. Do you recognize this?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. It may be made exhibit 203.

(The document referred to was marked "Exhibit No. 203" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You have a copy of this before you?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. You may proceed to testify from it.

Mr. DUFFY. Yes, sir. I am reading from those minutes. The date is June 10, 1949:

Meeting of the general executive board was called to order by general president, Daniel J. Tobin. All members were present with the exception of Vice President McLaughlin.

General President Tobin reviewed the history of the international brotherhood's endeavor to secure an appropriate site in the District of Columbia upon which to build an office building that would be appropriate for the international brotherhood not only to function as a labor organization, but also be a fitting monument to a great organization such as the International Brotherhood of Teamsters.

He described the various attempts to reach an agreement with the American Legion as to a fair purchase price for the property which the international brotherhood has decided to buy and in that connection stated that negotiations had been stalled and practically terminated because of the adamant refusal of the American Legion to sell this property at a figure less than \$18 per square foot.

He explained that because of this position taken by the American Legion, Executive Vice President Dave Beck secured the services of an agent to act for and on behalf of the international brotherhood of attempting to bring about a reduction in the price of this property.

He stated that this agent through diligent work and painstaking effort had finally succeeded in having the American Legion agree to sell this property at a price of \$15 per square foot which, considering the extensive area of the land purchased, resulted in a saving to the international brotherhood approximately sixty-five to seventy-five thousand dollars.

#### RESOLUTION

*Be it resolved*, That the general president and the general secretary-treasurer be, and they are hereby, authorized, empowered, and directed to withdraw from the general treasury of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America the further sum of \$12,500 as payment in full for services rendered by an agent, not associated in any capacity with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, in bringing about on behalf of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America the purchase of said land and premises, which said services were necessary, helpful, and advantageous to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America in the final purchase price of said land and premises of a large amount of money, greatly in excess of the \$12,500 to be paid to said agent, and to pay said \$12,500 to said agent as a fair, just, and reasonable compensation for said services.

The motion was put to a vote and was unanimously carried, and the foregoing resolution was unanimously approved and adopted.

(At this point Senator Ervin entered the hearing room.)

Mr. KENNEDY. Mr. Chairman, I just have one correction here. I think it was \$65,000 to \$75,000.

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Then there was an addition there, that is also of some pertinency: He further stated that this agent, as a result of his activities, had submitted a bill to the international in the amount of \$12,500, and that it was his opinion that this bill was fair and payment of it should be authorized by the general executive board.

President Tobin concluded his remarks by saying that at the executive board meeting held in Washington so that the members of the executive board could make a personal inspection of the property to be purchased, and that since each member of the executive board had made this personal inspection, they were in a position to judge the wisdom of the purchase of this property at the price of \$15 per square foot.

The CHAIRMAN. What time was this deal finally consummated? Do we have any record of it?

Mr. KENNEDY. Do you mean when it was signed for the purchase of the property?

The CHAIRMAN. Yes.

Mr. KENNEDY. From Mr. Salisbury's diary, around or between May 3 and May 6.

The CHAIRMAN. This action by the teamsters' executive board was after the transaction had been consummated?

Mr. DUFFY. There is no question about that.

The CHAIRMAN. This was an afterthought.

Mr. KENNEDY. Now, Mr. Duffy, have you also subpoenaed some of the checks and records of the International Brotherhood of Teamsters to find or learn whether any moneys were in fact paid to Mr. Shefferman?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. I present to you a photostatic copy of a check, and also a photostatic copy of a bill, and ask you to examine them and see if those are the documents that you referred to.

(Documents handed to witness.)

Mr. DUFFY. This is the bill submitted by Mr. Shefferman dated June 20, 1949, to the teamsters, requesting for his services \$12,000. The bill also is signed by Mr. Tobin, and Mr. Nathan Shefferman also signed the bill, the receipt of the check which was given to him by the teamsters dated June 20, 1949, check No. 691, made out to Mr. Nathan W. Shefferman for \$12,000, signed by John F. English, general secretary and treasurer.

The CHAIRMAN. The check may be made exhibit No. 204, and the bill exhibit 203-A.

(The documents referred to were marked "Exhibits Nos. 204 and 204-A," for reference and will be found in the appendix on pp. 2569-2570.)

Senator MUNDT. Is there anything in the record to explain the discrepancy between the \$12,500 which the resolution authorized and the \$12,000 check made out for it?

Mr. DUFFY. Senator Mundt, we made an inquiry for that, and we found out that the teamsters cannot make an adequate explanation of why Mr. Shefferman was not paid the \$12,500. There is a very strong possibility that they still owe him \$500.

Senator MUNDT. The bill was \$12,500, the resolution calls for \$12,500, so I was curious as to why the check was only \$12,000. They give you no answer?

Mr. DUFFY. No, sir.

The CHAIRMAN. Was the bill for \$12,500 or \$12,000?

Mr. DUFFY. The resolution states that he should have been paid \$12,000.

The CHAIRMAN. No, the bill there?

Mr. DUFFY. Apparently he thought it was \$12,000 also.

The CHAIRMAN. The bill made an exhibit is \$12,000?

Mr. DUFFY. Yes.

The CHAIRMAN. And the check is \$12,000?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. And the resolution and minutes have \$12,500?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Mr. Duffy, have you made a check or a study of Mr. Shefferman's bank accounts?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Are you familiar with those?

Mr. DUFFY. Yes.

Mr. KENNEDY. Was there a payment of any kind, any sort, any type, from Mr. Nathan Shefferman to Mr. Dave Beck during this period of time?

Mr. DUFFY. Yes, sir; there was.

Mr. KENNEDY. How much was that check?

Mr. DUFFY. Approximately a month after this 1 check for \$12,000 was deposited in the Harris Trust & Savings Bank in Chicago, and it was cleared on June 22, 1949, approximately 5 weeks later Mr. Shefferman made out a check for \$8,000 to Dave Beck.

Mr. KENNEDY. \$8,000?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. What was the date of that check?

Mr. DUFFY. The date of that check was July 25, 1949, I think, Mr. Kennedy. It is an exhibit already in the record.

Mr. KENNEDY. Was Mr. Shefferman, when he appeared and testified before this committee on March 26, asked about that \$8,000 check?

Mr. DUFFY. He was, Mr. Kennedy.

Mr. KENNEDY. And did he say at that time that Mr. Beck was such a nice fellow and that he had known him for 10 or 12 years, and never had done anything nice for him, that he thought he deserved some money?

Mr. DUFFY. Yes, sir.

(At this point, Senator Ives withdrew from the hearing room.)

Mr. KENNEDY. This is on page 1584:

Mr. SHEFFERMAN. As I started to say, I have known Mr. Beck for more than 20 years. Mr. Beck has been a friend and a very good friend. Mr. Beck, if you will permit me, is a terrific personality. I found him so. He is very attentive to his friends and very generous to his folks and people who surround him.

Now this is no laughing matter, if you knew him as I know him, and know of all of the things he has done for a lot of the people out in Seattle and the vicinity and the region of this home, you would come to the same conclusion I have.

I know of other things he has done for other people, and I say in all sincerity that Mr. Beck is a generous man, and a terrific personality, and a very fine gentleman.

This is in answer to a question of why he gave him \$8,000:

Mr. Beck, I realized, in the early days, after 1935, when I was in this so-called employer-employee relationship business, I realized that but for the teamsters, that was after the CIO and the AFL had split, but for the teamsters there wouldn't have been any AFL.

I think they would have disintegrated. That is because the weaker union had to depend upon the teamsters, and they had to depend upon the teamsters for whatever strength and whatever progress they could make.

Realizing that, and realizing, further, that it was well in my work, public-relations phases of it, to mingle with a good many of the people in labor as well as I did in management, I went about and made speeches and wrote a lot of speeches, and I made them to labor.

I was invited to a good many unions and made speeches on free enterprise, and I made speeches on the matter of working together and not making a private battleground of our Nation.

So he said that was the reason that he gave the \$8,000 check to Mr. Beck at that time.

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. And he also talked about introducing a new book-keeping system at that time, and maybe Mr. Beck helped him on that, getting the contract?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. DUFFY. I think the check is exhibit 117, in the record, the \$8,000 check.

The CHAIRMAN. What exhibit number?

Mr. DUFFY. 117.

The CHAIRMAN. Is there anything further? Have you been able to get Mr. Beck to comment on this transaction?

Mr. DUFFY. No, sir.

Mr. KENNEDY. Again, on page 1586, it states:

Well, you liked him, and you gave him the money?

Mr. SHEFFERMAN. Pardon me?

Mr. KENNEDY. You liked him, so you gave him the money?

Mr. SHEFFERMAN. Sure. I thought he was entitled to it, and I hadn't done anything for him for 10 years and I had known him for more than 10 years and I hadn't done a thing, and I felt that he was entitled to this.

Mr. KENNEDY. You thought he was entitled to the money?

Mr. SHEFFERMAN. Yes, sir.

Mr. KENNEDY. Now, because of things he had done for you?

Mr. SHEFFERMAN. Things he had done for me in the way of helping me write my speeches, and providing materials, and introducing me to a good many unions that I could never have gotten into.

That is all, Mr. Chairman.

The CHAIRMAN. All right.

The committee will stand in recess until 2:30 tomorrow afternoon.

(Whereupon, at 3:30 p. m., the committee recessed, to reconvene at 2:30 p. m., Thursday, May 16, 1957.)

(Members present at the taking of the recess: Senators McClellan, Ervin, and Mundt.)





# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, MAY 16, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 2:30 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Pat McNamara, Democrat, Michigan; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; and Senator Carl T. Curtis, Republican, Nebraska.

Also Present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; and Ruth Young Watt, chief clerk.

(Members present at the convening of the session: Senators McClellan, Ives, Ervin, McNamara, Goldwater, and Curtis.)

The CHAIRMAN. The committee will come to order.

(At this point, Senator Kennedy entered the hearing room.)

The CHAIRMAN. Let us have order, please.

Mr. Norman Gessert, come forward, please.

Mr. Gessert? Come to the witness chair, please.

Mr. CAREY. Mr. Chairman, may I make an opening remark, if I may?

The CHAIRMAN. You may, after he is sworn.

Mr. Gessert, will you be sworn, please, sir?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GESSERT. I do.

## TESTIMONY OF NORMAN J. GESSERT, ACCOMPANIED BY COUNSEL, EDWARD L. CAREY

The CHAIRMAN. Mr. Gessert, will you state your name, your place of residence, and your business or occupation, please?

Mr. CAREY. Mr. Chairman, may I interrupt for a moment?

The CHAIRMAN. Yes; as soon as I get his name on the record the Chair will defer to counsel.

Mr. GESSERT. Norman J. Gessert, 16730 45th Northeast, Seattle 55, Wash.

The CHAIRMAN. What is your business or occupation?

Mr. GESSERT. General organizer for the Teamsters' International Union.

The CHAIRMAN. Thank you very much. You have counsel with you, have you, Mr. Gessert?

Mr. GESSERT. I do.

The CHAIRMAN. Counsel, you may identify yourself for the record, and the committee will hear you.

Mr. CAREY. My name is Edward L. Carey, Mr. Chairman. I was consulted by Mr. Gessert at 5 after 2 this afternoon in connection with the forthwith subpoena served upon him by United States marshals. I have not had an opportunity to go into the problem with him. I consider it an extremely complex problem. I think it is one that requires a little time for me to get some background, to talk to the client, and give him what I consider proper advice. Because of those factors, I should like to have a continuance of a day or two in order that I might properly do what I consider a lawyer's job.

The CHAIRMAN. You had not had an opportunity to discuss the matter with him until 2 o'clock this afternoon?

Mr. CAREY. That is correct, Mr. Chairman.

The CHAIRMAN. You had not previously been retained by him?

Mr. CAREY. No, sir.

The CHAIRMAN. Are you a Washington attorney?

Mr. CAREY. I am, sir. I have been here for 9 years.

The CHAIRMAN. I do not believe you gave your address.

Mr. CAREY. I am in the Barr Building, 910 17th Street, NW.

The CHAIRMAN. You feel like you would need at least until tomorrow.

Mr. CAREY. Yes, sir.

The CHAIRMAN. Without objection, the Chair will grant the continuance until tomorrow, at least. You may get in touch with the Chair or the chief counsel, in the morning, and we will try to arrive at some time. But you are under subpoena, and you continue under subpoena, and you are ordered to report back tomorrow not later than 10 o'clock, at least for a conference, so that we may determine further about the matter.

Mr. CAREY. Thank you, Mr. Chairman.

Mr. GESSERT. Thank you, Mr. Chairman.

The CHAIRMAN. You may call the next witness.

Mr. KENNEDY. Mr. Donald McDonald, Mr. Chairman.

(Members present at this point: Senators McClellan, Ives, Kennedy, Ervin, McNamara, and Curtis.)

The CHAIRMAN. You will be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. McDONALD. I do.

#### TESTIMONY OF DONALD D. McDONALD

The CHAIRMAN. Be seated.

State your name, your place of residence, and your business or occupation.

Mr. McDONALD. My name is Donald McDonald. I live at 4303 7th Northwest, Seattle, Wash. I keep the books for the Western Conference of Teamsters and Joint Council Building Association.

The CHAIRMAN. You have conferred with members of the staff, have you, Mr. McDonald, regarding your testimony?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. You, of course, know of your right to have counsel present if you desire?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. You waive counsel?

Mr. McDONALD. I do; yes.

The CHAIRMAN. Thank you very much.

Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. McDonald, how long have you been with the teamsters union?

Mr. McDONALD. A little over 8 years.

Mr. KENNEDY. You came with them when?

Mr. McDONALD. 1949.

Mr. KENNEDY. And have you been keeping the books since that time?

Mr. McDONALD. Yes, sir.

Mr. KENNEDY. You have been keeping the books of the Western Conference of Teamsters, and Joint Council 28 Building Association?

Mr. McDONALD. I have been keeping the books of the Western Conference of Teamsters since March 1949. The building association I took over, probably, sometime in 1950. I don't remember the date. It wasn't at the same time.

(At this point, Senator Mundt entered the hearing room.)

Mr. KENNEDY. Mr. McDonald, could you tell the committee in connection with those two records that you kept, could you tell the committee if, while you were keeping the books of the Western Conference of Teamsters and Joint Council 28 Building Association, there were any loans listed to Mr. Dave Beck on those books?

Mr. McDONALD. No, sir.

Mr. KENNEDY. There were not?

Mr. McDONALD. No.

Mr. KENNEDY. The books of the Western Conference of Teamsters no longer exist for the years 1949 to 1953, is that right?

Mr. McDONALD. That is right.

Mr. KENNEDY. You were asked in early 1954 to bring those records and books to Mr. Graham's office for 1949 through 1953?

Mr. McDONALD. Yes.

Mr. KENNEDY. Those books were ultimately destroyed, you never saw them again?

Mr. McDONALD. That is what I understand; yes.

Mr. KENNEDY. But from your recollection, there were no loans on the books of the Western Conference of Teamsters of Joint Council 28 Building Association to Mr. Dave Beck during this period of time?

Mr. McDONALD. Through 1953; no.

Mr. KENNEDY. Did you make up a file, a form 990, on Joint Council 28 Building Association with the Treasury Department?

Mr. McDONALD. Yes, sir.

Mr. KENNEDY. You are obligated under the law to file that form?

Mr. McDONALD. That is right.

Mr. KENNEDY. You filed that form because you are a tax-exempt organization?

Mr. McDONALD. Yes.

Mr. KENNEDY. When you filed that form during the years 1949 through 1953, were there any loans listed on that form? Any loans to Mr. Dave Beck listed on that form?

Mr. McDONALD. No, sir; not during that period.

Mr. KENNEDY. During the middle of 1954, Mr. Dave Beck sent a check of some \$200,000 to the joint council, made payable to the Joint Council 28 Building Association; is that right?

Mr. McDONALD. Made payable to Joint Council 28 Building Association and the Western Conference of Teamsters.

Mr. KENNEDY. Did you reflect that repayment of money from Dave Beck—did you reflect that on the Joint Council 28 Building Association form 990 with the Treasury Department in 1954?

Mr. McDONALD. For 1954; yes. I picked it up as a previously unreported receivable.

Mr. KENNEDY. As a previously unreported receivable?

Mr. McDONALD. Yes.

Mr. KENNEDY. That is because you had not been aware of the fact that this money had gone to Mr. Dave Beck?

Mr. McDONALD. Yes. Until the time that I was given the copy of the satisfaction and accord agreement, I did not know about him using any moneys of the western conference or building association.

Mr. KENNEDY. I would like to have you identify this, please.

The CHAIRMAN. The Chair hands you a document, a photostatic copy, and I will ask you to examine it and state if you identify it. If you do, state what it is, please, sir.

(A document was handed to the witness.)

Mr. McDONALD. This is a schedule of the assets and liabilities of the Joint Council Building Association as of January 1, 1954.

The CHAIRMAN. That was January 1, 1954?

Mr. McDONALD. Yes.

The CHAIRMAN. That may be made exhibit 205.

(The document referred to was marked "Exhibit No. 205" for reference, and will be found in the appendix at p. 2571.)

The CHAIRMAN. Did you prepare that statement?

Mr. McDONALD. Yes.

The CHAIRMAN. You prepared it yourself?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. From what?

Mr. McDONALD. From a similar schedule that was in the cash receipts and disbursements records that were some of the records that were to be stored.

The CHAIRMAN. From the records of the Joint Council of Teamsters or the Western Conference of Teamsters? Which?

Mr. McDONALD. From the building association.

The CHAIRMAN. From the building association. All right.

Mr. KENNEDY. Are the records of the Joint Council Building Association still in existence? Are they still in existence, the ones for 1949 through 1953?

Mr. McDONALD. The building association?

Mr. KENNEDY. Yes.

Mr. McDONALD. No.

Mr. KENNEDY. They were also destroyed at the time?

Mr. McDONALD. Yes.

Mr. KENNEDY. You prepared this record of the assets of the Joint Council Building Association from those records; is that right?

Mr. McDONALD. That's right.

Mr. KENNEDY. This record was prepared prior to the time these other records were destroyed?

Mr. McDONALD. Yes.

Mr. KENNEDY. And these are the assets of the Joint Council 28 Building Association; is that right?

Mr. McDONALD. Yes.

Mr. KENNEDY. The assets listed there are some \$7,400 at this time, January of 1954?

Mr. McDONALD. Yes.

Mr. KENNEDY. If there had been a loan on the books of Joint Council Teamsters 28 Building Association, if there had been a loan on the books at this period of time, during 1953, that would have been listed in this record, would it not?

Building Association; is that right?

Mr. KENNEDY. So that is further evidence that there was no loan listed to Mr. Dave Beck?

Mr. McDONALD. There was no loan listed when I prepared the form 990 for 1953.

Mr. KENNEDY. During August of 1954, Mr. Dave Beck gave some \$200,000 back to the union?

Mr. McDONALD. That's right.

Mr. KENNEDY. I would like to have you identify this exhibit No. No. 112-E.

The CHAIRMAN. The Chair presents to you an exhibit, a document that has been made an exhibit, to the testimony already heard by the committee, No. 112-E, and asks you to examine it and state what it is, please, sir.

(A document was handed to the witness.)

Mr. McDONALD. This is a photostatic copy of the 990 that was submitted in 1955 for the year of 1954 and accompanying work papers from which the form was completed.

The CHAIRMAN. Is that the form, the report, that was filed with the Labor Department?

Mr. McDONALD. With the Internal Revenue Department.

The CHAIRMAN. With the Treasury Department. All right.

Mr. KENNEDY. Keep that form in front of you. In that form, you list as the assets starting January 1, 1954, some \$257,422.89?

Mr. McDONALD. That is correct.

Mr. KENNEDY. At the end of 1953, December 31, 1953, which is the day before, you list as the assets, \$7,422.89. So the assets grew in one day some \$250,000.

Mr. McDONALD. On the form it is a little difficult to reflect some of the changes. That figure has been changed the following day. But there is this note which was submitted. It says exceeds previous total by \$250,000 because of previously unrecorded receivables.

Mr. KENNEDY. That refers to the money that Mr. Dave Beck had returned to the treasury?

Mr. McDONALD. That is right.

Mr. KENNEDY. Did he ultimately return beyond the \$250,000? Then he returned another \$50,000, is that right?

Mr. McDONALD. Yes, sir.

Mr. KENNEDY. And subsequently he returned another \$20,000?

Mr. McDONALD. Yes, sir.

Mr. KENNEDY. Is it my understanding that within the last 2 weeks he has returned another \$100,000, is that correct?

Mr. McDONALD. That is right.

Mr. KENNEDY. So, so far he has returned to the treasury, of the money that he took prior to that time, he has returned some \$370,000, is that right?

Mr. McDONALD. That is correct.

Mr. KENNEDY. Thank you.

Senator GOLDWATER. May I ask a question?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. McDonald, did you have the impression at any time that this money was borrowed from the union funds?

Mr. McDONALD. No, sir. I didn't know it was being used until I got the accord and satisfactory agreement in 1954.

Senator GOLDWATER. Then did you begin to think that it might have been stolen from the union treasury?

Mr. McDONALD. I didn't attach any significance, or have any idea what it was used for.

Senator GOLDWATER. Have you ever given it sufficient thought to arrive at a decision whether this was borrowed or stolen money?

Mr. McDONALD. Well, Senator, as long as there is an effort being made to repay it, it was used—as the accord and satisfactory—No, I believe it is the letter of December 1954, which amends the original satisfactory and accord agreement, it indicates that the money was being used with the intent of repaying it right along.

Senator GOLDWATER. Did you ever arrive at any total that might have gone in this way?

Mr. McDONALD. No, sir. The accord and satisfactory agreement provides for mutual accountants to make an audit of the books and to determine to the best of their ability what moneys have been involved.

Senator GOLDWATER. At any time, to your knowledge, did he have the authority of the union to use this money?

Mr. McDONALD. I don't know if I can answer that question. To my knowledge, I don't know what the extent of his authority was. Maybe he did and maybe he didn't. I can't answer that question, Senator.

Senator GOLDWATER. Are you acquainted with the way he got the money? Did that come into your observation?

Mr. McDONALD. Well, apparently it was a matter of convenience to simply use some of the moneys with the intent of returning when it has been ascertained how much has been used.

Senator GOLDWATER. Have you ever ascertained how much has been used?

Mr. McDONALD. That is, by the satisfactory and accord agreement, to be determined by accountants of the Western Conference of Teamsters and building association and Mr. Beck.

Senator GOLDWATER. Would we be safe in assuming that that portion of that fund that he has paid back was borrowed, but that portion that he hasn't paid back was stolen?

Mr. McDONALD. The present letter of amendment extends the date of complete satisfaction for an accounting of these moneys for another 6 months.

Senator GOLDWATER. What is the final date on that? Do you know?

Mr. McDONALD. It will be 6 months from—it will be the end of the year, I think.

Senator GOLDWATER. Is he making much progress in paying it back?

Mr. McDONALD. \$370,000 worth. That is quite a bit of progress.

Senator GOLDWATER. Thank you very much.

Senator MUNDT. Mr. Chairman?

The CHAIRMAN. Senator Mundt.

Senator MUNDT. You are the bookkeeper, are you not, of the teamsters' organization?

Mr. McDONALD. Yes.

Senator MUNDT. What do your books show? How much of a balance does he owe the teamsters? You say there is going to be a mutual agreement, that they are going to have some accountants determine the amount. I wonder if your books would not throw some light on that?

Mr. McDONALD. I don't exactly follow. My books? Yes, probably in strict accounting practices, there is no doubt that we should have knowledge of all the money that was used, particularly in the way of being receivable, and any loans.

Senator MUNDT. I mean, it is sort of a basic concept of bookkeeping that either the books that are kept reflect a faithful and complete record of the financial transactions, or you might as well not keep any books at all. Is that right?

Mr. McDONALD. Yes.

Senator MUNDT. We will start out with that assumption.

So I will assume that your books should show whatever money was borrowed or stolen or whatever happened to it. If it is a matter of record, it should show that Mr. Beck owes the teamsters X number of dollars. Is that right?

Mr. McDONALD. That is right. We could show any money that has been borrowed.

Senator MUNDT. Do your books show that? Why do you have to have a team of accountants examine—and whatever they are going to look at, I don't know. You cannot find your books. But why shouldn't the books show that?

Mr. McDONALD. At no time was the money advanced as a loan. The books, therefore, do not reflect any of those.

Senator MUNDT. In other words, this whole series of transactions which they are attempting now to adjudicate through this satisfactory and accord agreement, none of these transactions at any time were reflected in the regular bookkeeping procedures of the teamsters union; is that right?

Mr. McDONALD. That is right.

Senator MUNDT. They were extracurricular activities which did not show up in the bookkeeping; is that right?

Mr. McDONALD. Yes. Your statement, yes.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. McDonald, what are your duties as book-keeper?

Mr. McDONALD. I have tried to record the transactions, with the information, make these forms, all reports, with the information that has been given to me, and to the best of my ability.

Senator CURTIS. Do you record receipts and disbursements?

Mr. McDONALD. That is right.

Senator CURTIS. And you balance your books occasionally?

Mr. McDONALD. Oh, yes.

Senator CURTIS. Do you verify your balances with bank balances?

Mr. McDONALD. Yes.

Senator CURTIS. How did this \$370,000—at least that much—get from the hands of the teamsters' funds into Mr. Beck's personal hands?

Mr. McDONALD. That is being determined by the accountants that——

Senator CURTIS. Well, what do you say? You recorded the receipts and the disbursements.

Mr. McDONALD. That is right.

Senator CURTIS. How did it get out? How did it get out of the teamsters' funds into the hands of Mr. Beck?

Mr. McDONALD. Well, it apparently got to his hands or was put to his use through accounts of the building association and the western conference.

Senator CURTIS. You keep those books?

Mr. McDONALD. Yes, sir.

Senator CURTIS. How did it get out of their funds into his hands?

Mr. McDONALD. Well——

Senator CURTIS. Was it by check?

Mr. McDONALD. Yes, sir; they are checks.

Senator CURTIS. Who wrote the checks?

Mr. McDONALD. I made them out on instructions from Mr. Beck or from statements.

Senator CURTIS. Did you record those checks in your books?

Mr. McDONALD. Yes, sir.

Senator CURTIS. Why didn't your books show the money going from the teamsters to Mr. Beck?

Mr. McDONALD. It never went directly to Mr. Beck. It has gone through various people with whom the teamsters do business.

Senator CURTIS. Who were those people?

Mr. McDONALD. Well, there is a building contractor.

Senator CURTIS. Who is he?

Mr. McDONALD. John Lindsay.

Senator CURTIS. Where does he live?

Mr. McDONALD. Seattle.

Senator CURTIS. And who else?

Mr. McDONALD. I understand—I don't know. I guess some of the money that was sent to Los Angeles, as promotional expense, that is the way it appears on my books if I am asked to make a check to Joint Council 42 Promotional League.

Senator CURTIS. I don't want to delay the proceedings here, but what you are saying is that this money was disbursed in checks paid to others and Mr. Beck received all or part of those funds.

Mr. McDONALD. He received benefit of the money; yes.



Senator CURTIS. When did you first note that he received the benefit of that?

Mr. McDONALD. In 1954.

Senator MUNDT. How was it brought to your attention, then?

Senator KENNEDY. When you got the message on the loan, and you received a note saying Mr. Beck regarded these disbursements as loans, that is the first time you realized it, and that was the first time you realized the income-tax people were looking into it?

Mr. McDONALD. Yes, sir.

Senator KENNEDY. And disbursements have been going on for a number of years; have they not?

Mr. McDONALD. I don't know the period of time.

Senator KENNEDY. Beginning in 1948 or 1949, the building fund and the public relations fund and so on, and so, obviously, it couldn't have been a loan or it wouldn't have been listed in other funds and you would have had a record of it from the moment it began.

Mr. McDONALD. That is right.

The CHAIRMAN. Are there any further questions?

Senator ERVIN. You drew the checks, all of the checks on which this \$370,000 was disbursed?

Mr. McDONALD. I have no way of knowing just what portion of the money that was used that I drew the checks for.

Senator ERVIN. You mean you are the bookkeeper that is supposed to keep the records of this building fund, and you didn't keep any records showing when these funds were disbursed?

Mr. McDONALD. I have a record of when the moneys were disbursed, but you asked me, I think, what portion was being used by Mr. Beck.

Senator ERVIN. No; I asked you when these \$370,000 were disbursed, when they got out? How did you have these funds before you issued these checks, and where were they? Did you have them in a bank?

Mr. McDONALD. Oh, yes; they were in the account of the building association and the Western Conference of Teamsters.

Senator ERVIN. You drew the checks at Mr. Beck's instructions, on which this \$370,000 was disbursed?

Mr. McDONALD. That is right.

Senator ERVIN. When were those checks drawn, and what time, and what amounts?

Mr. McDONALD. Well, it covers some period of years, and for various amounts. The various funds, apparently.

Senator ERVIN. The only records that have disappeared or have been lost or destroyed are the ones for the last few years; so, do you have early records showing when you started disbursing this fund?

Mr. McDONALD. I don't bother to question—the records that were destroyed—

Senator ERVIN. As I understand your records for the last several years have been destroyed.

Mr. McDONALD. Yes.

Senator ERVIN. You have the records antedating those years, do you not?

Mr. McDONALD. Yes, sir.

Senator ERVIN. When you, as bookkeeper, discovered in 1954 that Mr. Beck admitted that he had received the benefit of these funds, didn't you have enough curiosity to look back at your records to see

when these funds got out of the custody of the building fund into Mr. Beck's custody?

Mr. McDONALD. Senator, I was relying on this accord and satisfaction agreement to explain a lot of things, and I am hoping that, when the completion of the agreement has been reached, I will have a copy of the audit and be able at that time to, probably, at that time I will be able to answer your question.

Senator ERVIN. As a matter of fact, didn't this accord and satisfaction amount to a confession that neither Mr. Beck nor the building fund had any records which would show the total amount of building fund money which Mr. Beck had received?

Mr. McDONALD. Possibly it could.

Senator ERVIN. Did it mean anything else?

Mr. McDONALD. I accepted it as meaning——

Senator ERVIN. As a bookkeeper, at the time that they came in with this thing, which amounted to a confession by Mr. Beck that he had at least received \$370,000 of funds belonging to the building fund, and possibly more, didn't you, as bookkeeper, have enough curiosity to look back on such records as you had to find out how or when this money got out of the custody of the building fund?

Mr. McDONALD. I felt that I know at least how it got out. Now, as for specific accounts, and specific checks to certain individuals or buildings or to other funds, I don't know.

Senator ERVIN. Do you mean to say that, the way it was disbursed, it was in such a way that you could not trace it on the books of the building fund to Mr. Beck; is that what you mean?

Mr. McDONALD. That is right.

Senator ERVIN. Now you mentioned one of these payments having been made to a building contractor.

Mr. McDONALD. Yes, sir.

Senator ERVIN. What was the amount of that payment?

Mr. McDONALD. He was paid various amounts through the years, and I do have a record of that, but what portion of that money was used by Mr. Beck I don't know. His records would probably show that.

Senator ERVIN. So that there is not now any records in your possession as bookkeeper for the building fund that would disclose how much over and above this \$370,000 that Mr. Beck received for his own use from the funds of the building fund?

Mr. McDONALD. That is right.

Senator ERVIN. And can you tell us, or have you discovered how far back or over what period of years Mr. Beck had been receiving, in this indirect manner, building funds?

Mr. McDONALD. No, sir.

Senator ERVIN. Can you approximate it?

Mr. McDONALD. I took over the building fund in 1950, and what happened prior to that I don't know, and the western conference in 1949, and would be the same story. What happened prior to that I don't know.

Senator ERVIN. Do you know whether they started back as far as 1949?

Mr. McDONALD. No, I don't know. I don't have any way of knowing.

Senator ERVIN. And so far as you know, there was not at any time since you have been bookkeeper of the building fund a single scratch of a pen showing that Mr. Beck had borrowed any money from the building fund or had received any money from the building fund?

Mr. McDONALD. That is right.

Senator ERVIN. That is all.

The CHAIRMAN. Mr. McDonald, as I understand it, you had no way of knowing that Mr. Beck was getting part of the money or any of the money?

Mr. McDONALD. That is right.

The CHAIRMAN. In other words, a bill came in and you were ordered to pay it and the bill showed it was for the contractor, or the building contractor, or it showed it was for the promotional fund or some other purpose. You simply kept your books according to the bills and statements and the orders you received at the time?

Mr. McDONALD. That is right.

The CHAIRMAN. You kept them accurately, so far as you know?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. You recorded the facts as they were represented to you?

Mr. McDONALD. Yes.

The CHAIRMAN. When the checks were issued and went to the contractor, or to the promotional fund, you had no way and it was not your duty to follow through and see where they went? If Mr. Beck got them instead of the building contractor, or if the bill was false, and if it was fictitious, and it was a false claim, you had no way of knowing?

Mr. McDONALD. No, sir.

The CHAIRMAN. So the money got into Mr. Beck's hands through those devious ways; is that correct?

Mr. McDONALD. That is correct.

The CHAIRMAN. Therefore, you only kept the books on the basis of what the vouchers showed?

Mr. McDONALD. That is right.

Senator ERVIN. I would like to ask one other question.

Mr. McDonald, you had nothing whatever to do with determining what disbursements should be made by the building fund?

Mr. McDONALD. Beyond routine bills and payrolls, that is right. I have never been a part of any policymaking body.

Senator ERVIN. You did not hold a policymaking position at all?

Mr. McDONALD. That is right.

Senator ERVIN. And you were merely required to record what came to your knowledge?

Mr. McDONALD. That is right.

Mr. KENNEDY. That is all for this witness.

The CHAIRMAN. Are there any further questions?

Senator McNAMARA. You indicated that you made out the check that went to this building contractor. Did you make them out to the building contractor in the building contractor's name?

Mr. McDONALD. Yes, sir.

Senator McNAMARA. Was there such a person?

Mr. McDONALD. Oh, yes.

Senator McNAMARA. How was he engaged at the time and what was the check paying him for?

Mr. McDONALD. In the building association, there have been continuous alterations and repairs to the building, and we have been constructing new buildings for some period of years. Since at least 1950 there has been some kind of construction going on.

Senator McNAMARA. You would not have been in a position to know what portion of the building was being worked on by this contractor, and you just acknowledged the voucher that came in?

Mr. McDONALD. That is right.

Senator McNAMARA. And was this previously approved by your board? You operated under a building committee of some sort; did you not?

Mr. McDONALD. There is a policymaking body, an administration of the building association. However, I was not connected with it. I got most of my instructions concerning the building checks and so forth from Mr. Beck and occasionally from Mr. Lindsey, if he would come to me and send in a statement.

Senator McNAMARA. Who hired you?

Mr. McDONALD. A fellow named Fred England.

Senator McNAMARA. Who is he in relation to this?

Mr. McDONALD. He at that time was director of the Western Conference of Teamsters.

Senator McNAMARA. Is this building operated by a building committee?

Mr. McDONALD. There is a board, I think it is called a board of trustees, and I don't know what the committee is called.

Senator McNAMARA. The people who pay you your salary; are they not the people?

Mr. McDONALD. No; my salary was paid by the Western Conference of Teamsters.

Senator McNAMARA. Not by the building committee?

Mr. McDONALD. Not by the building association at all.

Senator McNAMARA. You are employed totally on the books of the building committee?

Mr. McDONALD. No; I am employed totally for the western conference of teamsters.

Senator McNAMARA. This set of books was incidental to your overall job?

Mr. McDONALD. That is right.

Senator McNAMARA. I see. That throws some light on it. Now, this was rather an incidental part of your job?

Mr. McDONALD. Yes.

Senator McNAMARA. It was not predominantly your job, and your job was to keep all of the books and this was just part of them?

Mr. McDONALD. This is one of the books, that was under my care.

Senator McNAMARA. Do you know whether this building company was incorporated or not?

Mr. McDONALD. It was.

Senator McNAMARA. It was incorporated?

Mr. McDONALD. Yes, sir; under the laws of the State of Washington.

Senator McNAMARA. That is all.

The CHAIRMAN. Are there any further questions?

Thank you very much, Mr. McDonald.

Mr. Bellino, will you come around, please, sir?

You have previously testified, have you not, Mr. Bellino, at this series of hearings?

### TESTIMONY OF CARMINE S. BELLINO—Resumed

Mr. BELLINO. Yes, sir.

The CHAIRMAN. All right, Counsel, you may proceed.

Mr. KENNEDY. There are just a few matters that I want to clear up quickly with you, Mr. Bellino, and that is, first you have examined some of the records of the International Brotherhood of Teamsters here in Washington?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Were there certain disbursements to 2 individuals by the order of Mr. Dave Beck to disburse certain moneys to 2 individuals?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Could you tell the committee what documents you have on that?

Mr. BELLINO. I have a schedule showing the amounts paid by the International Brotherhood of Teamsters upon instructions of Mr. Beck.

Mr. KENNEDY. Do you have the instructions there, or is there a document there that states that it is on the instructions of Mr. Dave Beck?

Mr. BELLINO. Yes, sir; it is a memorandum from William T. Mullenholz.

The CHAIRMAN. That may be made exhibit No. 206.

(The memorandum referred to follows:)

Mr. BELLINO (reading) :

Per instructions from general president Dave Beck, the following listed persons are to be placed on retainer beginning February 1, payable on the 10th of the month, beginning today as follows: Mort Jones \$416.66; 9124 Lake Washington Boulevard, Bellevue, Wash.

C. Douglas Welch, \$208.33, 2841 42d Avenue West, Seattle, Wash.

These retainers are to be charged to public relations work.

(Signed) WILLIAM T. MULLENHOLZ,  
Comptroller.

Mr. KENNEDY. Now, have we since learned and inquired to find out what work was being done by Mr. Welch?

The CHAIRMAN. May I ask first, did you read the entire memorandum?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Who is it signed by?

Mr. BELLINO. By William T. Mullenholz, comptroller.

Mr. KENNEDY. Did we inquire further to find out what those payments were for?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Did we learn it was to write a book on Mr. Dave Beck's life?

Mr. BELLINO. Yes.

Mr. KENNEDY. To be called, The Driver's Seat?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Were the payments going through the minutes of the International Brotherhood of Teamsters, do we find any record there of notification by Mr. Beck that this money was to be used to write a book on his life?

Mr. BELLINO. No, sir.

Mr. KENNEDY. Was there any knowledge by the International Brotherhood of Teamsters, by any other official there that this was money to be used to write this book on Mr. Beck's life?

Mr. BELLINO. Not the officials which we contacted; no, sir.

The CHAIRMAN. Who are some of those you contacted?

Mr. BELLINO. The comptroller and the secretary-treasurer.

Mr. KENNEDY. There is no evidence in any of the minutes that this knowledge was available to any of the officers of the International?

Mr. BELLINO. That is correct, sir.

The CHAIRMAN. Have you examined the minutes of the meetings during that period?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Was there any authorization in the minutes, or any discussion of it or any motion or any reference to it?

Mr. BELLINO. We found none, sir.

The CHAIRMAN. Now, Mr. Bellino, during the past 2 weeks or so, has Mr. Beck sent a check to the International Brotherhood of Teamsters?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Could you tell the committee the amount of that check?

Mr. BELLINO. The amount of the check is \$12,987.51.

The CHAIRMAN. Did he notify the teamsters that this was to cover the disbursements that were made to Mr. Jones and Mr. Welch?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Do you have the check or a photostatic copy of it?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. It may be made exhibit 207.

(Document referred to was marked "Exhibit No. 207," for reference and will be found in the appendix on p. 2572.)

Mr. KENNEDY. What is the date of that check?

Mr. BELLINO. May 6, 1957, payable to the International Brotherhood of Teamsters, drawn on the account of B. & B. Investment Co., signed by Dave Beck.

Mr. KENNEDY. Mr. Bellino, we have made a schedule regarding the money that was taken by Mr. Dave Beck during the period of time, 1946 through 1953?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And we have drawn up a list showing or indicating that this money was taken rather than borrowed, have we not?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Do you have that list in front of you?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Have you made that compilation yourself?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. In your work with the committee?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. From the records?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Of the teamsters and other sources, banks, and so forth?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Would you read the title of it?

The CHAIRMAN. The list may be made exhibit 208, and you may proceed to read it or such parts of it as you wish.

(Document referred to was marked "Exhibit No. 208" and follows:)

Mr. BELLINO (reading):

THIRTEEN POINTS DOCUMENTING THAT DAVE BECK "TOOK" RATHER THAN "BORROWED" THE MORE THAN \$300,000 FROM VARIOUS TEAMSTER UNION FUNDS IN SEATTLE

1. Form 990 filed by the Joint Council No. 28 Building Association, Seattle, with the Treasury Department and which contains a list of assets and liabilities at the beginning and end of each year, fails to show any loans to Dave Beck up to and ending December 31, 1953. It is from the Joint Council No. 28 building accounts that Mr. Beck now states he borrowed most of his money.

2. The financial statement of Joint Council No. 28 Building Association as of January 1, 1954, does not list any loans as due from Dave Beck.

3. Frank Brewster, president of the Western Conference of Teamsters, and during the pertinent period of time its secretary-treasurer as well as secretary-treasurer of Joint Council No. 28 Building Association, stated in sworn testimony before the committee that the first time he learned that Dave Beck had taken money was when he started paying it back in 1954. He stated he did not know of any loans to Dave Beck during the pertinent period of time.

4. Don McDonald, bookkeeper of the Western Conference of Teamsters testified the money taken by Dave Beck was not listed as loans on the books and that he was never told that they were loans.

5. Dave Beck's personal financial statement dated September 26, 1952, which was furnished to the Seattle First National Bank, fails to show any loans from the Western Conference of Teamsters or any unit thereof.

6. Dave Beck's personal financial statement dated February 7, 1952, which was furnished to the Seattle First National Bank, fails to show any loans from the Western Conference of Teamsters or any unit thereof.

Mr. KENNEDY. Could we get those two made exhibits for the record. They have not been introduced as yet.

Mr. BELLINO. These are bank statements signed by Dave Beck, furnished to the Seattle First National Bank, which were obtained from the Seattle First National Bank under subpoena.

The CHAIRMAN. Those financial statements you have just referred to may be made exhibits 209 and 210.

(Documents referred to were marked "Exhibit Nos. 209 and 210" for reference and will be found in the appendix on pp. 2573-2574.)

Mr. BELLINO (reading):

7. Dave Beck's personal financial statement furnished to Occidental Life Insurance Co., as noted in memorandum of A. M. Burke on April 12, 1951, wherein the only loan shown is one from the Seattle First National Bank and no loans are listed from the Western Conference of Teamsters or any unit thereof.

8. Memorandum on interview of Dave Beck by Mr. A. M. Burke of Occidental Life Insurance Co. dated March 14, 1955, at which time Mr. Beck stated the only loan outstanding was a loan from the Seattle First National Bank.

9. Disappearance of the records of the Western Conference of Teamsters and Joint Council Building Association for the pertinent period of time.

10. If it was a loan there would be no need for the circuitous manner in which Nathan Shefferman received some of the money, namely, western conference funds in Seattle being channeled through the public relations account in Los Angeles and from there, sent to Nathan Shefferman in Chicago.

11. Repayments by Dave Beck to the teamsters were not made until he came under income tax investigation.

12. Beck's statement of accord and satisfaction in 1954 which shows he lacked personal records of the amounts he had taken from teamster union funds. This included his own admission that after 700 hours of work, his accountants could not determine what he owed.

13. The doubt that exists even today is to the aggregate amount which Dave Beck is obligated to repay to the teamsters.

Mr. KENNEDY. We have, Mr. Bellino, one other document that we want to submit for the record, and that is on the Western Conference of Teamsters.

Will you explain that to us?

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. BELLINO. This is form 990, filed by the Western Conference of Teamsters for the calendar year 1954, which has attached to it a worksheet showing the loans receivable or the amounts of assets on loans due to Western Conference of Teamsters on January 1, 1954, in the total amount of \$232,556.14, but none of the items are those of Dave Beck. Dave Beck is not listed as an account or loans receivable.

Mr. KENNEDY. That would really be a 14th reason: would it not, Mr. Bellino?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. That may be made exhibit 211.

(Document referred to was marked "Exhibit 211" for reference, and may be found in the files of the select committee.)

Senator KENNEDY. Mr. Bellino, how long have you been an accountant?

Mr. BELLINO. Since 1923.

Senator KENNEDY. How long were you with the FBI?

Mr. BELLINO. I was with the FBI for 11 years.

Senator KENNEDY. And you are a certified public accountant?

Mr. BELLINO. Yes, sir, since 1923.

Senator KENNEDY. Have you ever known anyone, on a matter representing a loan, have you ever known anyone who, by any circumstances, was obliged to follow the course of action which Mr. Beck took?

Mr. BELLINO. No, sir.

Senator KENNEDY. In all your experience with the FBI?

Mr. BELLINO. No, sir.

Senator KENNEDY. You never had an example of a loan that was ever kept in the way it was kept, supposedly, in this case?

Mr. BELLINO. No, sir. In the FBI we would call that restitution.

Senator KENNEDY. Does restitution mean that money was taken illegally and then it was kept?

Mr. BELLINO. Yes, sir.

Senator KENNEDY. That is what you consider it in this case as an accountant?

Mr. BELLINO. Yes, sir.

Senator KENNEDY. I would like to, Mr. Chairman, congratulate Mr. Bellino. He has been working for a long time, and he is highly skilled in this field. I think he rendered invaluable service to the committee and also to the investigators of the General Accounting Office, who have been out in Seattle, assisting Mr. Bellino in his work.

The CHAIRMAN. I think we all join in that sentiment that you have expressed, Senator Kennedy, and I think he has rendered a great service also to the teamsters.



Senator Curtis?

Senator CURTIS. Mr. Bellino, to have a loan, you have to have both a borrower and a lender; is that correct?

Mr. BELLINO. Yes, sir.

Senator CURTIS. To be a lender, the person must have knowledge of the transaction; is that not right?

Mr. BELLINO. Yes, sir.

Senator CURTIS. And must also consent to it?

Mr. BELLINO. Yes, sir.

Senator CURTIS. In that sense, was there any lender?

Mr. BELLINO. Not that we could see in this case; no, sir.

Senator CURTIS. Now, in these settlement accounts, this accord and satisfaction, did any persons other than Dave Beck say that these transactions were loans?

Mr. BELLINO. I don't know of anyone that could say that this was really a loan.

Senator CURTIS. No; I mean by the documents themselves.

Mr. BELLINO. The accord and satisfaction, referred to it as advances and loans. That is the only thing.

Senator CURTIS. And who were parties to those documents besides Dave Beck?

Mr. BELLINO. I believe Frank Brewster, for the Western Conference of Teamsters.

Senator CURTIS. Anybody else?

Mr. BELLINO. No, sir. There are the attorneys who witnessed it, Mr. Sam Bassett, and I believe Don McDonald witnessed one of them.

Senator CURTIS. Do you know who drew it?

Mr. BELLINO. I believe Sam Bassett, together with Mr. Beck's attorney, Mr. Cashline, drew the accord and satisfaction.

Senator CURTIS. Is that more than one document?

Mr. BELLINO. Yes, sir.

There were the original accord and then the supplemental agreement afterward, in December of 1954.

Senator CURTIS. Is it your understanding that these men who drew this document and signed it with Mr. Beck stated that the transactions were loans?

Mr. BELLINO. That is the way they operated; yes, sir. They considered them as loans.

Senator CURTIS. But they point out that at no time had the lender known of the transaction or consented to them?

Mr. BELLINO. That is correct.

Mr. KENNEDY. In that connection, none of them state that they knew they were loans while it was being taken?

Mr. BELLINO. That is correct.

Mr. KENNEDY. They say now the members of the teamsters, Mr. Sam Bassett, the attorney for the teamsters and some of these other people say now, "We consider them loans" but none of them thought they were loans at the time.

Mr. BELLINO. That is correct.

Mr. KENNEDY. In fact, Frank Brewster testified before the committee, and he signed the checks, and he stated that he never considered these loans.

Mr. BELLINO. That is correct.

Mr. KENNEDY. And nobody would know better than Frank Brewster or Donald McDonald?

Mr. BELLINO. That is correct.

Senator McNAMARA. In your examination of the books, this \$300,000 plus as you have indicated in this report, was it all taken out by subterfuge, by, apparently, paying it to contractors and for transactions and property in Los Angeles and such things?

Mr. BELLINO. Yes, sir.

Senator McNAMARA. How did he get the money himself? The check was made out to a contractor. How did the money ultimately get into Beck's hands?

Mr. BELLINO. The contractor was doing work for Beck; he put up 4 or 5 homes.

Senator McNAMARA. Actually, Beck did not get the money, but this went to pay for work that was done for Beck personally?

Mr. BELLINO. Yes, sir.

Senator McNAMARA. And the transaction involving the Los Angeles property, was that a similar thing, that the title for the property was in Mr. Beck's name?

Mr. BELLINO. No, sir. That was not included in the \$320,000. That is another separate transaction.

Senator McNAMARA. Then the title for the property that a large portion of this \$300,000 was paid out for, remained in Mr. Beck, the title?

Mr. BELLINO. They were for his benefit.

Senator McNAMARA. Did he have the title to the property that the money was being spent on, or did the building fund or the district council or somebody else have title?

Mr. BELLINO. Under property, he had title.

Senator McNAMARA. He had title?

Mr. BELLINO. Yes, sir.

Senator McNAMARA. So, actually, the money was paid out to pay bills which should properly have been paid by Dave Beck?

Mr. BELLINO. Yes.

Senator McNAMARA. He did not physically take the money, but he just used it for his personal use?

Mr. BELLINO. Yes, sir.

Senator McNAMARA. That is generally the pattern here?

Mr. BELLINO. Yes.

Senator McNAMARA. Thank you.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Bellino.

Call the next witness.

Mr. KENNEDY. Mr. Dave Beck.

The CHAIRMAN. Call Mr. Beck, please.

Mr. Beck, do you acknowledge you are testifying under oath?

#### TESTIMONY OF DAVE BECK, ACCOMPANIED BY HIS COUNSEL, EDWARD BENNETT WILLIAMS

Mr. BECK. Yes, I do, Senator.

The CHAIRMAN. That is continuing from your previous time on the witness stand.

Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Chairman, the staff has made a compilation of the testimony regarding Mr. Beck's activities that has been sworn to before this committee, and we have this compilation mimeographed.

It is entitled, "Some 52 ways in which Dave Beck misused his authority, position, and trust as president of the Western Conference of Teamsters and subsequently as president of the International Brotherhood of Teamsters."

These matters all bear on items that might be considered as far as legislation in the future, Mr. Chairman, that should be taken up by the committee.

The CHAIRMAN. Has the witness been provided a copy?

Mrs. WATT. It is right here.

Mr. WILLIAMS. Mr. Chairman, before we begin, I would like to remind the Chair that I made a formal application when we last appeared here before the committee, in which I requested that Mr. Beck's testimony be deferred until such time as the criminal charges now pending against him in the western district of Washington are disposed of.

I outlined in some detail the reasons for that request. I do not think they need repetition. At the time, it is my recollection that the Chair indicated that you would take under advisement my formal application.

Am I to assume that my application has been denied for an adjournment of Mr. Beck's interrogation until after the Washington case is disposed of?

The CHAIRMAN. The Chair will submit the matter to the committee here in open session. It is the Chair's position that Mr. Beck being questioned properly about anything not relating to the subject matter of the charges in the indictment, anything that happens subsequently—I understand the indictment covers what period?

Mr. KENNEDY. I believe for 1950, tax evasion for 1950.

Mr. WILLIAMS. The indictment sounds in two accounts and they both relate to the tax year of 1950. But, Mr. Chairman, of course, our position that this was a net worth case, and so any interrogations regarding financial matters would have a relevancy to this indictment.

I, of course, as I have indicated to the Chair, must advise Mr. Beck not to answer matters, germane or relevant in my opinion, to this indictment because I think it is a breach of his rights to call him here and use this as a pretrial discovery for the Department of Justice.

They used the last testimony before the grand jury when he testified here previously. He is spiked on the horns of a dilemma, Mr. Chairman. If he testifies, then he gives away all of the evidence that he needs at the trial and they have the benefit of his whole defense before he goes on trial.

On the other hand, if he takes refuge in the fifth amendment, under recent decisions they can use that against him at the time of the trial to impeach his credibility. It is a horrible position to put a man under indictment in. It is the first time, it is the first time, I think, in the history of congressional investigations that this has been done.

That is why I respectfully urge you, Mr. Chairman, once more, to defer the interrogation of Mr. Beck until after the case is decided by a court that has authority to decide and adjudicate the issues in this matter.

The CHAIRMAN. The Chair would make this observation: This committee, pursuing its duty under the resolution establishing it, has had a large number of witnesses, as counsel and his client are aware. In the course of this testimony there have been—and I use that word advisedly—many destroying statements made and facts brought out against Mr. Dave Beck.

I think it is only fair to at least—and that is the least the committee can do—offer him an opportunity to deny, to explain, or to state under oath what the facts are if the testimony this committee has heard is untrue or inaccurate in any way.

Certainly, the committee wants to extend to Mr. Beck that opportunity. He can, upon your advice, of course, decline. But that is a choice that he must make, either with your counsel or without it.

I think the committee would be failing in proper courtesy, proper consideration of his rights if it did not extend him the opportunity.

Mr. WILLIAMS. Mr. Chairman, if I understand you correctly, sir, I understand that Mr. Beck is being given an opportunity to explain the derogatory statements that other people have made about him before this committee and if this hearing of Mr. Beck today is being conducted as a courtesy to Mr. Beck, then I want most graciously to decline that courtesy.

The CHAIRMAN. Well, maybe he does not regard it as a courtesy, but I believe it is a courtesy to anyone who has been testified against and about as has Mr. Beck, to then extend them the opportunity to testify and to refute any damaging testimony that may have been given.

Mr. WILLIAMS. I don't say that, Mr. Chairman, facetiously. I say it in a spirit of cooperation with this committee. And I say it again, sir, that if the committee conceives that this is a hearing that is for Mr. Beck's benefit, and if he is being accorded a privilege in the eyes of this committee, then I urge you again, sir, to adjourn his testimony until after the trial in Washington, because we want to waive the opportunity to explain these charges at this time, and offer an explanation before a jury that has the power and authority and jurisdiction to decide the issue.

The CHAIRMAN. You understand there may be many things here that have been testified to that would not be criminal, that he could not be indicted and convicted for, but that might be improper. The Congress might find that such activities are improper for one occupying a position that Mr. Beck occupies, and, therefore, might desire to have the information to enable it to enact remedial legislation. I am sure counsel can appreciate that.

Mr. WILLIAMS. I just want to be totally candid with the Chair and tell you that I will advise Mr. Beck throughout the proceedings this afternoon to decline to answer any questions that I conceive, by my lights, to be relevant to the tax case in Washington. And I have to say in all candor again to the Chair that I think that any interrogation on financial matters is relevant to the tax case in Washington. Again I say, we are willing to waive the rights and courtesies that you have accorded him this afternoon.

The CHAIRMAN. Are there any comments? Senator Kennedy?

Senator KENNEDY. I think in addition to according Mr. Beck the courtesy, I think Mr. Beck's testimony will be very valuable in preparing us for recommending legislation.

(At this point, Senator Goldwater entered the hearing room.)

Senator KENNEDY. One of the most unfortunate results that we have found in this hearing is that there is no Federal law to prohibit the embezzlement or misappropriation of union funds by union officials, to prevent them from mixing union funds with their own money or to require that union officials who handle great sums be bonded. There is no Federal law on unions similar to the act of 1940 applicable to investment companies, which prevents officers from borrowing funds from the general treasury, as Mr. Beck has stated he has done, selling their own property to the treasury or receiving a cut in the profits or a kickback in commissions from transactions they helped to arrange.

There is no Federal law for unions similar to that governing stockholders corporations under the Security Act, which permits the union or its members to recover for the treasury any personal profit which the officer made as a result of abusing his official position. I believe that is what Mr. Beck has done.

Finally, there is no Federal law which would enable any agency of the Government to detect under the present administration of the law, the mishandling of union funds, such as this committee has revealed.

Mr. Beck, in my opinion, has moved into all of these areas. Mr. Beck's testimony is very valuable for this committee, preparing legislative recommendations to the appropriate committees of the Congress in all of these areas.

Mr. WILLIAMS. Senator, I have a feeling that his testimony will not be very valuable to the Congress this afternoon, if you go into those matters.

Senator KENNEDY. I am hopeful that it will be, because I think statements which have been made which would indicate that Mr. Beck has been guilty in many of these fields.

Therefore, I think he ought to have the right to not only correct the record as far as he is concerned, but also indicate what his actual actions are so that we can be guided in deciding what legislative recommendations we should make in this field.

As I have indicated, there is a tremendous gap as far as Federal control over union officials in misappropriating money. If the total statute of limitations has run out in the States of Oregon or Washington, and there is no Federal law to prevent it, it may be possible that Mr. Beck, even though I think he has misappropriated union funds, it may be possible for him, under the loopholes in the present law, to go free.

But, nevertheless, it is highly improper, and I think we want to close the loophole, if it is not too late in his case.

Mr. WILLIAMS. I want Mr. Beck to be helpful to this committee, and that is why I suggested deferring his testimony until the adjudication of his tax case. But I have no alternative, as his counsel, other than to advise him to decline to answer questions that I conceive to be relevant to that case.

So I say again, Senator, I am afraid he can't be helpful this afternoon against the backdrop of a Washington indictment.

The CHAIRMAN. Well, let us proceed. Is there any objection to proceeding? He has the benefit of counsel. Counsel may advise his client. He may advise his client as to any question he thinks is im-

proper or which might be detrimental to his interests in the case pending against him.

But there are some other questions that I think have no relation to the case that can be asked, properly.

Senator ERVIN. I was going to say that I agree with the ruling made by the Chair. I do not think Mr. Beck should be interrogated as to matters which are relevant to the charges in the indictment. However, I cannot see where there is much relevancy, or necessarily relevancy, between financial transactions in 1954 with 1950, or income received in 1954 being relevant to income received or an indictment for failure to pay the tax on income received in 1950.

Mr. WILLIAMS. May I address myself to that, Senator, because I know you are very sensitive to problems of this kind, from your long judicial experience.

Senator, there is a situation here where there may be a proration of income back from 1954 through taxable years that are relevant to this case.

Senator ERVIN. I think you would have to determine that, though, in each instance, rather than by a blanket ruling.

Mr. WILLIAMS. I don't think we should conclude that because a transaction took place in 1954, that it is not relevant to the tax case now pending.

Senator ERVIN. Well, it may or may not be. I think, as we lawyers say, each tub will stand on its own bottom and each transaction on its own bottom.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. Beck, before you are asked questions that might prompt your counsel to advise you not to answer, I would just like to ask one that I think you can answer. It has been reported today in the press that officials of the teamsters international will ask you to resign.

If they do, will you resign?

(The witness conferred with his counsel.)

Mr. BECK. My answer to you on that, Senator, is, of course, I know of no such communication, or there has been nothing of that kind addressed to me, to the best of my knowledge. I certainly would not want to comment on that until, in an official way, it came to my attention.

Senator GOLDWATER. I saw it in the press, I believe, this morning, or in this afternoon's papers. If you have not received any official notification of it, would you be inclined to resign, if that is true?

(The witness conferred with his counsel.)

Mr. BECK. I wouldn't want to express a decision here on it, because that is a matter of our organization's official action, and I think out of courtesy to our organization I should not commit myself on anything of that kind until it is officially before me; if it ever is.

Senator GOLDWATER. I had one more short question. As long as you are in a mood to respond, I want to take advantage of it.

I might warm him up for you, Bob.

The AFL-CIO officials have criticized you for using funds for your own purposes. Without commenting on the rightness or wrongness of that charge, I would like you to answer the following question:

Do you feel that officials of the AFL-CIO have been pursuing the same tactics they charge you of by the use of union funds in furthering their own purposes in the field of politics?

(The witness conferred with his counsel.)

MR. WILLIAMS. I am not sure I get the full import of that question, Senator Goldwater.

Senator GOLDWATER. Let me put it another way.

Certain officials of the AFL-CIO have accused Mr. Beck of using union funds to further his own personal interest. I am trying to get from Mr. Beck if he thinks there is any difference in what he has been charged of doing by these men and what these same individuals have been doing with union funds in the field of politics to enhance their position in politics.

MR. WILLIAMS. I have to advise Mr. Beck not to answer that, Senator, on the ground that the question assumes as facts things that I don't know to be facts. I think you are getting into an area of speculation, and you are speculating on possible crimes that other people may have committed. I don't think he should answer that question.

I am going to advise him not to. Not on the fifth amendment, sir, because I don't believe it is pertinent to any—

Senator GOLDWATER. I will admit it is not pertinent to anything here today, but the questions we will ask him he will not answer. I wanted to know what his feelings were. You don't think he should answer that?

MR. WILLIAMS. I don't think he should, Senator. I am sorry.

Senator GOLDWATER. I am sorry, too.

The CHAIRMAN. All right. The Chair wishes to make this statement: The staff has made a compilation here of the instances in which Mr. Beck may have misused his authority and position as president of the Western Conference of Teamsters, a position of trust, and subsequently as president of the International Brotherhood of Teamsters.

I am going to ask counsel of the committee to read to Mr. Beck these items, one by one. We will give him an opportunity to answer or to make any comment that he desires.

Counsel, of course, can advise his client if any of the questions he thinks, under the circumstances, require advice that he take the fifth amendment. He has a right to do that.

MR. WILLIAMS. I am willing to waive the reading, Mr. Chairman. We have it here before us, and he can read it himself, in the economy of time.

The CHAIRMAN. This committee has such a task that I don't know how to begin economizing time now. So I think we better read it. I want these in the record.

MR. WILLIAMS. I will stipulate that the written sheet may go into the record, Mr. Senator, if that is the sole purpose of having it read.

The CHAIRMAN. I don't know which one he will answer and which one he will not answer.

MR. WILLIAMS. He won't answer any of them, Mr. Chairman.

The CHAIRMAN. Can we assume that?

MR. WILLIAMS. Yes, sir.

The CHAIRMAN. Well, maybe he will relent on some of them. Let us see if he will answer this:

Will he tell us today where his son is, Dave Beck, Jr.? He knows that we have been trying to locate him to serve a subpoena on him.

That is a question, Mr. Witness. Will you tell us today where we may be able to locate your son, Dave Beck, Jr., so we can serve a subpoena on him for his attendance, and so we may procure his testimony?

(The witness conferred with his counsel.)

MR. BECK. I decline to answer, Mr. Chairman, on the grounds that my answer might tend to incriminate me under the fifth amendment.

THE CHAIRMAN. I will ask you if you know Mr. Joe McEvoy.

MR. WILLIAMS. That question was previously asked of him, Mr. Chairman, and he invoked the fifth amendment at the time it was asked of him.

THE CHAIRMAN. Well, maybe it would not incriminate him today. I just wanted to find out. We are still hunting for Mr. McEvoy.

MR. BECK, do you know Mr. Joe McEvoy, and where the committee might be able to locate him to serve a subpoena upon him, for his appearance here?

(The witness conferred with his counsel.)

MR. BECK. I decline to answer under the fifth amendment.

THE CHAIRMAN. Do you know Mr. Fred Verschueren, Sr., and can you tell us where we might be able to locate him, and serve a subpoena on him to procure his testimony?

(The witness conferred with his counsel.)

MR. BECK. I decline to answer, Senator, on the fifth amendment.

THE CHAIRMAN. I believe we asked you the other day if you knew where Mr.—what is that man's name—where Mr. Norman Gessert was, did we not? Did I ask you the other day when you testified or when you were on the witness stand, rather, if you knew Mr. Norman Gessert and where he was at the time?

(The witness conferred with his counsel.)

MR. BECK. Yes, you asked me that.

THE CHAIRMAN. We have been able to locate him. You could be helpful to the committee if you don't think it would incriminate you, or might tend to incriminate you, if you could give us any information about these other witnesses who we are very anxious to locate.

(The witness conferred with his counsel.)

MR. BECK. No comment, Senator. That is not a question. I have no comment on it.

THE CHAIRMAN. I will ask you. Will you help us locate them?

(The witness conferred with his counsel.)

MR. BECK. I decline to answer. No.

THE CHAIRMAN. All right, you answer "No," that you won't help us. Or do you decline? Which is it?

MR. WILLIAMS. I advised him to say no, Mr. Chairman. I don't see why he should become an arm of the committee.

THE CHAIRMAN. That is all right. I am perfectly willing for him to answer with his attitude. I just asked would he help us to locate them.

MR. BECK. I have answered your question. On advice of your question, I have answered it "No," Senator.

THE CHAIRMAN. All right. Let us proceed, then, and see if we can get any help.

Proceed, Mr. Kennedy.

MR. KENNEDY. Mr. Chairman, these first few questions and items refer to the misappropriation of the union funds. As was stated



earlier in the hearings, this is an important matter to be considered, because, under present legislation there is no Federal offense for the theft of union funds. It must be considered by the State.

In the State of Washington, the statute of limitations is 3 years. No. 1, based on evidence misappropriation of teamsters funds by Dave Beck, pay payments to John Lindsay and John Lindsay Construction Co. in connection with work done on his own real-estate development and renovations on his home in Seattle.

The CHAIRMAN. We have testimony, Mr. Beck, along those lines. Will you give us any information about it?

Mr. WILLIAMS. Mr. Chairman, the very first question invades the tax case that is now pending out in the State of Washington. I don't understand how the representation could be made that he wasn't going to be interrogated on matters germane to the tax case, when this very first question—

Mr. KENNEDY. Let us take it from 1951. We can do that very easily. Let us take it from 1951 and 1952, the misappropriation of teamsters funds by payments to John Lindsay and John Lindsay Construction Co. in connection with work done on Dave Beck's own real-estate development and renovations on his home in Seattle.

Mr. WILLIAMS. This I conceive to be an invasion of what I understood the purpose of the committee was this afternoon, not to ask questions that were relevant to the tax case. This is highly relevant. The fact that you qualify it by saying 1951 and 1952 doesn't eliminate the bad feature of the question.

The CHAIRMAN. My understanding is, if I am correct—and if I am not correct, I would like to be corrected now—my understanding is that the indictment for tax evasion is for the year 1950. Therefore, I do not want any question asked, and I so admonish counsel, I do not want any question asked relating to his income for 1950.

But any question here, and, Mr. Counsel, observe as you go along, any question, or any statement here of testimony that the committee has received, that is prior to January 1, 1951, I do not want the witness asked about.

Mr. KENNEDY. We have matters prior to 1950 that we would like to ask him about also.

The CHAIRMAN. Anything prior to 1950 that does not relate to his income.

But income only beginning with January 1, 1951.

(The witness conferred with his counsel.)

Mr. KENNEDY. The question is still before the committee.

The CHAIRMAN. The question is on the misappropriation of teamsters funds by payments to John Lindsay and John Lindsay Construction Co. in connection with work done on his own real-estate development and renovations on his home in Seattle, all since the year, the calendar year, 1950.

Mr. WILLIAMS. Is the question, Mr. Chairman, whether he misappropriated money? Is that what the question is?

The CHAIRMAN. Yes, sir. I am asking him if he has any comment on it. The committee has heard testimony to that effect.

(The witness conferred with his counsel.)

Mr. BECK. No, Senator, I have no comment. I decline to answer on the fifth amendment.

The CHAIRMAN. Will you answer any questions regarding those transactions?

Mr. BECK. No, Senator, I will not answer any of those questions. I will decline to answer under the amendment.

The CHAIRMAN. Under what amendment?

Mr. BECK. The fifth amendment.

The CHAIRMAN. You will decline?

If I ask you the question, Did you misappropriate any money in connection with payments to John Lindsay and John Lindsay Construction Co. in connection with work done on your real-estate development and renovations on your home at any time since January 1, 1951?

Mr. BECK. I will decline to answer on the same basis.

The CHAIRMAN. You mean you are taking the fifth amendment on it; is that correct?

Mr. BECK. On the same basis, Senator.

The CHAIRMAN. I do not want the basis——

Mr. BECK. I said "Yes."

The CHAIRMAN. All right. Proceed, Counsel.

Mr. KENNEDY. Mr. Chairman, we find that Mr. Dave Beck misappropriated teamster funds by direct payments to Nathan Shefferman from teamster accounts for payment of Beck's personal bills, starting on January 1, 1951.

(The witness conferred with his counsel.)

The CHAIRMAN. Do you wish to make any comment about it, Mr. Beck?

Mr. BECK. No comment, Mr. Chairman.

Senator ERVIN. Mr. Chairman, if I may make a suggestion to counsel, I would suggest that counsel ask Mr. Beck whether or not he permitted union funds to be used to pay any personal accounts to Nathan Shefferman instead of assuming that it is misappropriation. It may be that Mr. Beck honestly permitted such use of union funds.

The CHAIRMAN. That is possible.

All right, Mr. Kennedy, you may interrogate him in that manner.

Mr. KENNEDY. Were there any union funds used to pay your personal bills?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer on the grounds of the fifth amendment.

Mr. KENNEDY. Were any union funds used to pay Mr. Nathan Shefferman for paying your personal bills?

Mr. BECK. I decline to answer on the fifth amendment.

Mr. KENNEDY. Do you think that covers it, Senator Ervin?

Senator ERVIN. Yes. I was just asking whether this fact occurred because it may be that some of the facts may have occurred and he may have some reasonable explanation which would disprove any theory of misappropriation.

Mr. KENNEDY. In that connection, do you have anything to say about the funds that went from the union treasury in Seattle to Mr. Nathan Shefferman?

Mr. BECK. I decline to answer on the fifth amendment.

Mr. KENNEDY. I would like to ask you also about the use of teamster funds, or the misappropriation of teamster funds, by indirect payments from teamster funds in the Seattle teamster accounts in Los

Angeles, and then payments to Nathan Shefferman in payment of your own personal bills.

Was that procedure followed by you, Mr. Beck?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer on the fifth amendment.

Mr. KENNEDY. And were the funds of the teamster fund taken from the international union here in Washington to pay your own personal bills?

Mr. BECK. I decline to answer on the fifth amendment.

Mr. KENNEDY. And were teamster funds taken from the Los Angeles local to buy an automobile for you and then the Los Angeles local reimbursed by the teamster union funds in Seattle?

Mr. BECK. I decline to answer on the fifth amendment.

Mr. KENNEDY. Were any of the funds taken out of the teamsters union in Seattle and put in your own personal bank account since January 1, 1951?

Mr. BECK. I decline to answer on the fifth amendment.

Mr. KENNEDY. And were cashiers checks used for your own personal benefits, since January 1, 1951?

Mr. BECK. I decline to answer on the fifth amendment.

Mr. WILLIAMS. Mr. Chairman, I will stipulate for the record that the witness will assert his rights under the Constitution to each of these questions which Mr. Kennedy is now reading. He is reading all 52 of them.

The CHAIRMAN. Since counsel stipulates that these questions are being asked, the Chair will order all of them inserted in the record at this point.

I understand that counsel is going to advise his client, and the client is going to act upon that advice and decline to answer all questions pertaining to these matters by invoking the fifth amendment?

Mr. WILLIAMS. That is right, sir. We will so stipulate.

(Questions referred to follow:)

DAVE BECK—SOME 52 WAYS IN WHICH DAVE BECK MISUSED HIS AUTHORITY, POSITION, AND TRUST AS PRESIDENT OF THE WESTERN CONFERENCE OF TEAMSTERS AND SUBSEQUENTLY AS PRESIDENT OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

1. Misappropriation of teamster funds by payments to John Lindsay and John Lindsay Construction Co. in connection with work done on his own real-estate development and renovations on his home in Seattle.

2. Misappropriation of teamster funds by direct payments to Nathan Shefferman from teamster accounts for payment of Beck's personal bills.

3. Misappropriation of teamster funds by indirect payments from teamster funds in the Seattle teamsters accounts in Los Angeles: thence, payments to Nathan Shefferman in payments of personal bills of Dave Beck.

4. Misappropriation of teamster funds by payments from the international union to Nathan Shefferman for the personal bills of Dave Beck.

5. Misappropriation of teamster funds by the purchase of a personal automobile paid by Los Angeles teamsters local, this local was later reimbursed with funds from the Western Conference of Teamsters.

6. Misappropriation of teamster funds by using these funds to pay Beck's own personal bank loan.

7. Misappropriation of teamster funds in connection with the purchase of cashier checks, which purchasers were charged to teamster bank accounts and the proceeds used for his personal use.

8. Misappropriation of teamster funds by causing the Joint Council No. 28 Building Association to obtain loans, the proceeds of which went directly to Beck's bank account.

9. Ordering the payment of teamster funds to two news reporters writing his biography.

10. The funneling of some \$9 million of teamster funds through the National Mortgage Co., in which a relative purchased a one-third interest with money received from Beck.

11. The obtaining of teamster insurance for an insurance company in which his family had an interest.

12. Obtaining a share of the commission on the purchase of a mortgage from the Lanphar Co. by the teamsters union.

13. Obtaining a share of commission on purchase of Federal National Mortgage Insurance Agency mortgages with teamster funds through National Mortgage Co.

14. Obtaining share of commission on purchase of 35 miscellaneous loans with teamster funds through National Mortgage Co.

15. Obtaining teamster funds to purchase contracts which were then sold to the Ray Leheney memorial fund at a considerable profit to himself.

16. The acquisition of land at Parkwood No. 1 in Snohomish County, Wash., and the immediate sale to the Linton Construction Co. at a considerably higher price, the ultimate financing being handled with teamster funds.

17. The acquisition of land at Firwood Park in Snohomish County, Wash., and its immediate sale to the Linton Construction Co. at a substantial profit, the ultimate financing being handled with teamster funds.

18. The obtaining for a friend and business partner, brokerage commissions paid by T. J. Bettis, Lambrecht Realty Co., A. D. Robbs, and the PBC Investment Co., which concerns received teamster funds in connection with sale of mortgages.

19. Borrowing \$273,000 at 3½ percent interest from the Occidental Life Insurance Co., which company was the insurer for the Western Conference of Teamsters.

20. Subsequently borrowing another \$40,000 at 3½ percent interest from the Occidental Life Insurance Co.

21. For his own personal benefit and without cost, requested the Occidental Life Insurance Co. to make an appraisal of the Vista Delmar property.

22. For his own personal benefit, requested the Occidental Life Insurance Co. to make an appraisal of the Griffith-Dulien property in Los Angeles.

23. Purchase of property adjoining teamster building in Los Angeles through the facilities of the Occidental Life Insurance Co.

24. Sale of the adjacent property to the Los Angeles teamsters headquarters some 8 months later for \$5,000 personal benefit.

25. Borrowing at various times substantial sums of money from the Seattle First National Bank at 3 and 3½ percent interest, which Beck's own financial counsel stated was an unusually favorable transaction for Beck and necessary for the bank because it was a depository for teamster funds.

26. The purchase of insurance for personal use paid for by teamster funds.

27. The payment of relatives' expenses with teamsters funds at 1952 convention.

28. The purchase of furniture and other items for the teamster union through a company in which his family had a financial interest.

29. His personal activity in the sale of toy trucks to the teamster union for the financial benefit of his family.

30. The obtaining of funds from the Fruehauf Trailer Co. and the Associated Transport Co., a New York trucking company with whom the teamsters have contracts, for his family's toy truck business.

31. The obtaining of a part of a \$200,000 loan from the Associated Transport Co.

32. The obtaining of part of a \$200,000 loan from the Fruehauf Trailer Co. after the teamsters had loaned that company \$1,500,000.

33. The free transportation of boat for his son from Detroit, Mich., to Seattle, Wash., by the Fruehauf Trailer Co.

34. The free use of an automobile and a chauffeur for his personal transportation in visiting in Europe provided by the Fruehauf Trailer Co.

35. The free use of a chauffeur and car provided by Fruehauf Trailer Co. for his niece and companion when they were touring Europe.

36. The free use of the Fruehauf Trailer Co.'s airplane on 3 or 4 occasions.

37. The free use of four refrigerated trailers obtained from the Fruehauf Trailer Co. for the benefit of the Sunset Distributing Co. in which his family has an interest.

38. The payment with teamsters' funds of transportation for his niece and companions from Paris to London.

39. The purchase of land adjoining the teamsters' building and subsequently leasing the same for parking purposes to the teamsters.

40. The channeling of more than \$165,000 of teamster business to a service station owned by himself and Brewster.

41. The purchase of land adjoining the Seattle teamsters' building and the subsequent sale of a portion thereof at an excessively high price to the teamsters union.

42. The obtaining of the rights to distribute Anheuser-Busch beer by K. & L. Beverage Co. in the State of Washington and Alaska. During this period of time at least 50 percent of the employees of Anheuser-Busch were members of the teamsters union.

43. The use of the union's power to have Dave Beck, Jr. made president of the K. & L. Beverage Co.

44. Mr. Beck's intercession in a strike of other unions for the benefit of and at the request of the Anheuser-Busch Co.

45. The contacting of Occidental Life Insurance Co. and other concerns for the purpose of getting business for National Mortgage, Inc.

46. His insistence that a fee be paid to Donol Hedlund in connection with the St. Louis teamster building.

47. The sharing in the \$12,000 commission paid to Nathan Shefferman in connection with the purchase of land for the teamsters in Washington, D. C.

48. Allowing the teamsters to pay a fee to Nathan Shefferman for allegedly performing the services of effecting a savings in the teamsters in the acquisition of the land for its Washington, D. C. building while knowing no such services were performed.

49. Use of Sam Basset, attorney for the teamsters and paid for by them, for his own personal benefit.

50. Use of Simon Wampoid, attorney for the teamsters and paid for by them, for his own personal benefit.

51. The payment of over \$15,000 of union funds to cover the salary and expenses of Stewart Krieger during the time that he was representing Beck at the K. & L. Distributing Co.

52. The use of the International auditor, Fred Verschueren, Sr., in connection with the operation of personal business.

The CHAIRMAN. And any other questions that we wish to ask—some of them seem to be very important. I had 1 or 2 I certainly wanted to ask. Let me ask you, Mr. Beck, have you looked through all of these statements, these 52 statements? Do you have copies of them?

Mr. BECK. Yes, I have, Senator, and I have run through all of them.

The CHAIRMAN. You have read all of them?

Mr. BECK. Yes, Senator, I have gone through all of them. I think I have read them all.

The CHAIRMAN. You are familiar with them?

Mr. BECK. I think I have; yes.

The CHAIRMAN. You familiarized yourself with it. All right. We had some testimony here that it seems you would want to give some explanation about. It has nothing to do with your income tax in 1950.

The transaction occurred considerably later than that and could not in any way be involved. We had some testimony here, and I think you may be familiar with it, that you own a half interest in certain mortgages that you sold to Mrs. Leheney. Is that correct?

Mr. KENNEDY. That is correct.

The CHAIRMAN. And at a profit of something over \$11,000, a profit to you and your associate in that transaction, and that these mortgages were purchased by a fund raised from union members, donations from union members, as a trust fund or memorial fund, to be

used for Mrs. Leheney's benefit by reason of the death of her husband and that you actually acted as a trustee of those funds.

Do you wish to make any comment about that transaction?

(The witness conferred with his counsel.)

Mr. BECK. No, I do not.

The CHAIRMAN. Did you use those trust funds to purchase mortgages in which you had an interest and thereby, make a financial profit from it?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer under the fifth amendment.

The CHAIRMAN. Did you appraise Mrs. Leheney of the fact that you were buying your own mortgages with that fund that you were making a profit therefrom?

Mr. BECK. I decline to answer under the fifth amendment.

The CHAIRMAN. Are there any further questions?

(Present at this point in the proceedings were Senators McClellan, Kennedy, Ervin, McNamara, Mundt, Goldwater, and Curtis.)

Senator CURTIS. Mr. Beck, I have utmost confidence in our system of courts to handle matters and punish the guilty and protect the innocent. What I have in mind now, that I want to inquire about has no relation to any of your financial transactions whatever, but is in pursuance of the resolution creating this committee and for legislative purposes.

How many members are there in the Teamsters International?

Mr. BECK. Well, the most accurate answer I think I could give to it would be that at the present moment I would say there is approximately one million, five hundred and some thousand members. I predicate that on the basis that we pay tax to the American Federation of Labor, CIO, on actual dues collected.

So we collected dues in the month of April, I think, on \$1,389,000 and it is reasonable to suppose that at all times there are some delinquencies. So I would estimate that our membership does actually run in excess of 1,500,000.

Senator CURTIS. You have had considerable growth, have you?

Mr. BECK. In the month of April of this year as against April of last year, we gained 106,000 members and for the 3 months of February, March, and April of this year our average growth over the same 3 months of 1956 is about 59,000.

Senator CURTIS. Is that growth due to increased employment by employers with whom you have a contract or is it by reason of an increase in the number of contracts you have?

Mr. BECK. It is without question due to increased organizing of personnel because our business situation in the United States has not measured up in the last 3 months, in my personal judgment, our industries, as good as it had previous to that time.

Senator CURTIS. Now, with how many employers approximately do the Teamsters International have contracts?

Mr. BECK. Well, Senator, it would be an absolute impossibility without a very careful survey.

Senator CURTIS. Can you give me an estimate?

Mr. BECK. I couldn't give you an estimate. It would run up into the tens of thousands of employers in the country. We are different than most organizations, and we do not deal with just large groups.

We organize anywhere from 3 people up to 5,000 people and it would represent in my opinion, tens of thousands of contractors.

Senator CURTIS. Maybe twenty or thirty thousand?

Mr. BECK. Yes, very easily, and more, I think.

Senator CURTIS. Now, are any of these contracts what is known as union-shop contracts or other contracts which contain some sort of compulsory union membership maintenance clauses?

Mr. BECK. In the area of that particular question, we could be open to disagreement. In the greater percentage of cases they do contain clauses by mutual agreement that provide for the individual employee becoming a member of the union within a specified period of time.

Senator CURTIS. Well, the law requires that it must be done by mutual consent; is that right?

Mr. BECK. Well, all of our contracts, of course, in my judgment are in accord with the law.

Senator CURTIS. What percent of your contracts would you say do have the union-shop contract?

Mr. BECK. In percentage, Senator, I would not be able to answer you, but I would say definitely the overwhelming percentage. I would guess it at better than 85 percent.

Senator CURTIS. Well now, among those that do not have the union-shop contract, can you name one?

Mr. BECK. Where we do not have the union-shop contract?

Senator CURTIS. Yes.

Mr. BECK. Yes, I can. I would name Montgomery Ward for one, Sears, Roebuck for another, a number of the oil companies, I could name a number of them.

Senator CURTIS. But the overwhelming number do have the union-shop contract?

Mr. BECK. Yes, sir.

Senator CURTIS. Now, by union-shop contract, that is a contract where the employee is not required to be a member of the union when he gets his job, but he must join the union within a specified time, 30 days, in order to continue in his job; is that right?

Mr. BECK. That is right, and so it does not in any sense violate any national or State laws.

Senator CURTIS. I am inquiring for the purpose of legislation, and not in reference to violation of law.

Mr. BECK. I understand.

Senator CURTIS. Now, if the employee fails to pay his union dues, then under the union-shop contract he no longer has a job; is that right?

Mr. BECK. Well, I wouldn't go that far. I would say that when we specify, and I do specify that all of these contracts to the best of my knowledge are in concert with the law, that specific provision in the contract could not be violative of the law. So it would be operative only in the degree that it did not violate any law.

Senator CURTIS. Well, the law provides that, does it not?

Mr. BECK. If it does, then that answers it. That is what I am trying to express to you that in every instance we try to maintain that position, but we must, of course, work in concert and harmony with the law.

Senator CURTIS. And the law permits you in the majority of your contracts, maybe 85 percent of them, to require that the man stay in the union and pay his dues to continue his employment, is that correct?

Mr. BECK. Yes, and I think as far as the law is concerned, it would also apply in the other 15 percent, except that in the instance of the 15 percent, in a percentage of that 15 percent, there may be an economic situation involved that this situation of actually using a work stoppage and exercising economic pressure, we would not be able to secure that fact.

In just sound business judgment, it does not in our opinion justify taking that procedure. So some part of that percentage of 15 percent would be covered by that.

Senator CURTIS. Well, now, how long have you been in the labor movement?

Mr. BECK. I have been in the labor movement since 1916.

Senator CURTIS. Now, I want to ask you, under existing Federal statutes if the workers or the members of a union working under a union-shop contract lose confidence in their officers and have questions in their minds about the financial affairs of their union, can they withdraw from the union without losing their jobs?

(The witness conferred with his counsel.)

Mr. BECK. My answer to that, Senator, would be that the membership of our international union and in its various organizations of affiliation, would proceed through the machinery of our international constitution that has been set up by a convention action, the same as I think they would proceed through the bar association or through the medical profession, or any fraternity or a like organization.

Senator CURTIS. Now, will you answer my question? I asked you if under existing statutes, if a worker, a members of a union working under a contract where it is a union-shop contract, loses confidence in his union leaders and has questions in his mind about the handling of his dues, the financial affairs of his union, can he withdraw from the union and cease paying dues without losing his job?

Mr. BECK. He can proceed through the processes of our international constitution.

Senator CURTIS. I did not ask you that.

Mr. BECK. I am answering you that of course I administer the international constitution and I don't write it. I am telling you that each and every individual member, when he joins our international organization the same as he would the bar association or the medical association comes under the rules and regulations of the organization's constitution and bylaws.

So he would proceed through those as he would in these and similar questions in other organizations.

Senator CURTIS. Now, Mr. Beck, I have been very fair with you and I have not made mention of your union and I have not asked you a hypothetical question about your union. I have asked you the simple question: If the worker in any union, a union member, employed in a place where they have a union-shop contract, if he loses confidence in his union leaders and he has questions in his mind about the handling of the dues he pays in, the financial transactions of the union, can he withdraw from the union and cease paying dues without losing his job?



Now, that is a simple question and you know the answer and I wish you would give me a yes or no.

Mr. BECK. Now, just a minute, Senator. I do not intend to give you a yes or no answer, if in my judgment a yes or no answer is not a correct answer. I have tried to answer your question and I will try again.

He would, I said, under those conditions, follow the procedure of our international constitution of which he is a part. In my opinion, he would not lose his job unless he acted in a manner conflicting with the constitution that he was sworn to observe.

Then, after that he would have the right to go on into the courts, as any other citizen has.

Senator CURTIS. As a matter of fact, Mr. Beck, you know that any member working under a union-shop contract if he withdraws from the union and ceases paying his dues, he loses his job.

Now, that is the purpose of a union-shop contract, is it not?

Mr. BECK. The purpose of a union-shop contract, Senator, is to have all of those that are in the employ carry an equal burden in the administration of the organization that got the increases and the conditions for him.

Senator CURTIS. All right, and to reach that objective which you have just mentioned, you require their continuation in the union and their payment of dues as a condition for their continuation in the job, is that not right?

Mr. BECK. If it is a part of the contract.

Senator CURTIS. That is what I have been trying to get out of you.

Mr. BECK. Certainly we do, and the contract speaks for itself.

Senator CURTIS. That leaves the workers of the country in a situation where they cannot police their own unions and protest against financial mishandling of their own dues by withdrawing from an organization in which they have no confidence, without losing their job; isn't that correct?

Mr. BECK. No, I do not think that is correct.

Senator CURTIS. Well, I think it is.

Mr. BECK. It is a difference of opinion.

Senator CURTIS. Now, Mr. Beck, what do you understand by a secondary boycott?

Mr. BECK. What do I understand by a secondary boycott?

Senator CURTIS. What is that?

Mr. BECK. What is one?

Senator CURTIS. Yes.

Mr. BECK. Well, I can name many of them. But my understanding of the general phrase of a secondary boycott is where one who is not an immediate participant in a dispute uses economic action in association with the original dispute.

Senator CURTIS. Can you give us an illustration of a secondary boycott that has taken place in the United States in recent years?

Mr. BECK. No; offhand I don't think I can.

Senator CURTIS. You can't remember any?

Mr. BECK. No. Can you remember one, and if you can remember one I will try and discuss it. Can you remember one?

Senator CURTIS. Several.

Mr. BECK. If you name one, I will try and see whether in my opinion it is a secondary boycott.

Senator CURTIS. I am referring to the secondary boycott that was conducted against the Coffee Transfer in the State of Nebraska within the last 2 years. Do you know about that?

Mr. BECK. No, I do not.

Senator CURTIS. As a matter of fact the teamsters were involved in it. Did you know that?

Mr. BECK. No, I did not know that. We have thousands and thousands of contracts and of course I can't keep track of all of those individual contracts.

Senator CURTIS. You never discussed them with Mr. Hoffa?

Mr. BECK. No, I have never discussed them with Mr. Hoffa.

Senator CURTIS. He was out there; was he not?

Mr. BECK. He handles for our international union, general supervision over, and I am going to correct that, he does not do it for our international union, he is the chairman of the Central States conference, which embodies the State of Nebraska, and so he would undoubtedly know about it.

Senator CURTIS. Well now, the law prohibits the applying of pressure on the employees, the business establishment where they are not parties to the labor dispute; is that not right?

Mr. BECK. The law provides that?

Senator CURTIS. The law prohibits it.

Mr. BECK. Prohibits it?

Senator CURTIS. Yes.

Mr. BECK. What is your question?

Senator CURTIS. The law prohibits the applying of economic pressure or any pressure against employees in a third concern where they are not involved in a labor dispute; is that not right?

Mr. BECK. Well, I am not prepared offhand to say whether that is right or not, but I will say this: If the law prohibits it, then we are susceptible of course to the same courts as anyone else would be in the application of the law.

Senator CURTIS. But the present law does not prohibit the applying of pressure upon the employer in an establishment that is a third party, and not a party to a labor dispute; is that not correct?

Mr. BECK. Well, there is a legal question involved, and I don't think that I am competent at the moment to answer it.

Senator CURTIS. Are you in favor of secondary boycotts?

Mr. BECK. Yes, I am in favor of secondary boycotts.

Senator CURTIS. Will you define them again? I want to make sure that I understand what you believe by them.

Mr. BECK. Well, I don't know as I can use the exact language, but I say that in my opinion the general understanding of a secondary boycott is where one uses an economic action, secondary to the original parties to the dispute.

Senator CURTIS. In other words, that is pressure applied upon a concern that is not a party to the dispute, is that not right?

Mr. BECK. Well, I don't like the term "pressure," and I would rather use economic action.

Senator CURTIS. That is where they apply economic action to somebody that is not a party to the labor dispute, is that not right?

Mr. BECK. No, I don't think so. I don't think that at all.

Senator CURTIS. What do you think it is?

Mr. BECK. Well, I personally do not agree upon perhaps your opinion to which of course I accord you full right and privilege that you have for it, I do not agree with you at all that you do not have to carry, if we want to progress, in the welfare of the labor movement, across its whole sphere of operation in all of it, in any opinion we have to exercise economic action right straight across its entire field of operation.

In my opinion, for that reason, secondary boycotts in the overwhelming percentage of instances are in my opinion justified and legal and right.

Senator CURTIS. A few minutes ago you testified about your growth. Has any of that growth been brought about by secondary boycotts?

Mr. BECK. I don't think so, as it pertains to the teamsters. The teamsters in my personal opinion, Senator, and now you have asked me a question that I want to answer very honestly. In my opinion the economic secondary action of the teamsters organization in the overwhelming percentage of instances, let us say in my opinion 98 percent, is helping someone else organize and not helping the teamsters organize.

Senator CURTIS. You mean other unions engaged in secondary boycotts?

Mr. BECK. Do I say they are?

Senator CURTIS. Do they?

Mr. BECK. I think so; surely.

Senator CURTIS. What other unions?

Mr. BECK. I think every union could be. For instance, if a dispute arose at some newspaper plant, revolving around the mailer's organization and the printers or stereotypers or photoengravers or anyone else, and became a party to that dispute by virtue of aiding or assisting in the economic action on it, they would be engaging in a secondary boycott action. That is not the teamsters.

Senator CURTIS. And that practice is engaged in by a number of unions, in both the CIO and the AFL; is that correct?

Mr. BECK. Oh, certainly.

Senator CURTIS. Mr. Beck, while I have not agreed with all of your answers, I think maybe I ought to quit. I have had a perfect record with you. You have answered all of my questions. I am a bit curious and I want to ask you one more.

You have declined to answer on fifth amendment grounds or otherwise, a number of questions, and I just want to ask you, has that been for the purpose of protecting anyone other than yourself?

Mr. BECK. I decline to answer that question.

Senator CURTIS. What other people might you have in mind that you want to protect?

Mr. BECK. I must decline to answer that question, Senator?

Senator CURTIS. I see I asked two too many.

Mr. BECK. I want to say, now, Senator, that I would like to answer many more questions. I am not answering questions because I am following advice of my counsel. I accord you or any other member of the committee or Congress the right to disagree with me, and me with you. At any time that you would like to, as I said to Senator Goldwater some time ago, I would be delighted to come to your office and discuss any of these questions with you for any value that might possibly

accrue from any information that I may have out of my time in the trade-union movement.

Senator CURTIS. Mr. Beck, although I have not agreed with all of your answers, and neither have you admitted all of the facts as I see them, I think you have established the point that whenever we have a system in this country where individuals are not free to either join or withdraw from a union without losing their jobs, it gives an opportunity for union officials to exert their power and to use their funds and workers who have to earn that money have no chance to protest by withdrawing from the organization.

The CHAIRMAN. Senator Kennedy.

Senator KENNEDY. Mr. Beck, how many locals are there in the teamsters? There are about 800?

Mr. BECK. Senator, I would say around nine hundred and some, and maybe 900 or eight or nine hundred and ten.

Senator KENNEDY. Now the records we have gotten from the teamsters organization shows that about 12 percent of those are in trusteeship. Does that fit with your memory? It says in 1957, 108 locals out of 876 were in trusteeship, which is 12 percent. Now, looking at the steelworkers, out of 2,925, 18 were under administration. Of the IBEW, 1,718 locals, 9 were under trusteeship. United Mine Workers, three or four hundred locals and one was under trusteeship.

The machinists, AFL, 2,100 locals, and about 4 were under trusteeship.

Of the IUE, 439 locals, none were under trusteeship.

Now of these 112 that were under trusteeship, or perhaps 12 percent of your total, about 28 or 29 have been under trusteeship for 5 years or more. Now, I would like to ask you a question, and I see where Mr. Hoffa has the administration of 16 locals, how many people might there be in each local as an average? Say you have 800 throughout the country and you have 1,500,000 members.

Mr. BECK. Well, Senator, I really can't answer that.

Senator KENNEDY. It would be about 2,000; would it not?

Mr. BECK. But I would like to answer your question to trusteeships.

Senator KENNEDY. I would like to hear it, because I do think it raises the question of the rights of the members who are involved in a trusteeship proceeding.

Mr. BECK. Senator, I honestly and conscientiously feel that unless you understood the physical makeup of the teamsters international organization, and what I briefly referred to before, that we work with thousands and thousands of employers as against other organizations of large membership who work for, let us say, less than 100 employers, there is no way of comparing in any sense the situation revolving around trusteeships.

As to the tenure and the type of work, we are not a skilled organization, No. 1. And by virtue of it, that has a very great effect.

Now the international union does not establish trusteeships unless in their opinion it is in the interest of the general membership. Now others may disagree with us as to when and under what conditions trusteeships are continued.

It is an expensive operation for the international union to start with.

Senator KENNEDY. One of the locals in Seattle has been in trusteeship for 12 years. In the case of trusteeships, who appoints the officers?

Mr. BECK. In the case of trusteeship, the trustee appoints the officers.

Senator KENNEDY. Who appoints the trustee?

Mr. BECK. The president of the international union.

Senator KENNEDY. That is you?

Mr. BECK. That is right.

Senator KENNEDY. In other words, 12 percent of all of the teamster locals are under the control of trustees who are appointed by you?

Mr. BECK. Oh, no. The one you just got through talking about, you said there was one at Seattle for 12 years. I have only been president for 4½ years.

Senator KENNEDY. Who would appoint the trustee in the other cases? Who appointed Mr. Hoffa trustee of 16?

Mr. BECK. I couldn't answer that, because I don't know at what date the trusteeship was put in. It might be President Tobin or myself.

Senator KENNEDY. Well, then, you have stated in the case of Seattle you did, and what about in other sections of the country?

Mr. BECK. I didn't state that in the case of Seattle. You said it was in 12 years, and so I could not have done it.

Senator KENNEDY. Why did you not tell me then who appoints the trustees in these 112 locals which are now in trusteeship.

Mr. BECK. I cannot answer, but I will be glad to look at the 112 and tell you exactly.

Senator KENNEDY. Who has the authority under the constitution?

Mr. BECK. The president.

Senator KENNEDY. Of what?

Mr. BECK. Of the international union.

Senator KENNEDY. Who is that?

Mr. BECK. Myself.

Senator KENNEDY. Well, then, it is either you or your predecessor who appointed the trustees.

Mr. BECK. That is right, either the predecessor or myself.

Senator KENNEDY. Now, of these, how long have you been president?

Mr. BECK. Four and a half years.

Senator KENNEDY. Now, only 27 of these have been in trusteeship for 5 years or more, and so I would gather than as to the rest of them that you appointed the trustees?

Mr. BECK. That is right, I have appointed them.

Senator KENNEDY. You can remove them from trusteeship?

Mr. BECK. Can I remove them from trusteeship? Yes.

Senator KENNEDY. Can you tell me why you feel it necessary that a trustee be kept over a local, and why you feel it is not possible for the members to run their own affairs and why it is necessary to keep some 27 or 28 in trusteeship for longer than 5 years when no other large union comparable to yours has any comparable experience?

Mr. BECK. Well, it is my personal opinion—

Senator KENNEDY. May I add, do you feel that you have demonstrated your ability to handle these matters much greater than the ability of the members of these locals?

Mr. BECK. Let me be sure I get your question.

Senator KENNEDY. All right. I will make it in two parts.

The first part is to tell me why it is necessary for the president of the teamsters, either you or Mr. Tobin, to appoint trustees to keep unions in trusteeship for 5 years or longer, when no other comparable union has a comparable record. Could you answer that first and then we will get to the second part?

Mr. BECK. In my opinion, there is no other union that you can possibly compare with the teamsters union on the field of trusteeships. I stated that awhile ago. That is because of the tremendous number of employers involved, and the physical conditions surrounding the operation.

Senator KENNEDY. Why is it not possible after they have been in trusteeship 5 years? We had a witness here who stated that he was trustee of a union and did not know why it had been put in trusteeship. He had been trustee for 3 or 4 years of a teamster local on the west coast. Why is it not possible to turn back the affairs to the members after 5 years in trusteeship?

Mr. BECK. I could name many instances, and I was going to say that a few minutes ago. If I could sit down with you I would be glad to do it on the individual unions that are in trusteeship, and in my opinion I would show you immediately where the best interests of the organization, the employer, the industry, and our economic system was in better condition by virtue of a continuity of the trusteeship.

Senator KENNEDY. In other words, that the trustee should be under the jurisdiction of the president and not of the jurisdiction of the members as to the affairs of the union?

Mr. BECK. Until the affairs of the union were properly straightened out.

Senator KENNEDY. You do not feel that they are able to demonstrate that in 5 years, that a local in Seattle has not been able to demonstrate that in 12 years?

Mr. BECK. I know instances in Seattle and elsewhere where they have not demonstrated it in 5 years, and where, in my opinion, if the trusteeships had been removed it would have created work stoppages, chaos in the industry, and severe indictment of public welfare, and contradictory to the interests of the membership and not only the union involved, but those who might be drawn into labor dispute by virtue of it.

Senator KENNEDY. And you feel that you have demonstrated as president of the union that you are more competent and more dependable and more responsible than the members themselves to run the affairs of these unions, locals?

Mr. BECK. I don't think that is a fair question at all, and it is a leading question. In my opinion it is a loaded question.

Senator KENNEDY. You do not have to answer it.

Mr. BECK. I don't think that I have any superior ability whatsoever. I only say that I make decisions based upon the facts given to me, and I do it honestly to the best of my judgment, and I am a human and I am mortal, and it is reasonable that in some instances I will even make mistakes, and you will also.

Senator KENNEDY. I do not think it is proper that Mr. Hoffa have the administration over the affairs of 16 local unions, and I do not

think it is proper that 28 locals of the 800 of the teamsters should be kept in trusteeship 5 years or longer, or to have a situation where a witness before us who is a trustee of one of these locals stated before the committee that he did not even know why it was in trusteeship or what procedure should be followed to take it out of trusteeship.

Now we are interested in this committee, in addition to other things, in the rights of the members. I do not think that the rights of the members are protected by your failure to set up a procedure by which these matters could be turned over to local administration and control. I think that the centralization of authority which this procedure gives you and your predecessor, and your possible successor, is undesirable.

Mr. BECK. Senator Kennedy, can I say this to you: I think that you have nothing but the objective of the finest motives in the vision you have of the question. I sincerely believe that.

I think that you are trying to get into your own mind an understanding of what is right, exactly right, in an operation of these trusteeships. I invite you right now, or I will come to your office, and I will bring with me people who understand every phase of the operation of these various units that are under trusteeship. I will go into them in every detail with you and show you why they went into trusteeship, and why they are continued in trusteeship, and I will show you why in my judgment or my associates who recommend to me why they have not been removed from trusteeship. I will say further right into the record, if you can show me any single instance where there has been action that is contradictory to the welfare of the membership by virtue of the trusteeship, I will remove it immediately.

I stand prepared to do that right now at your convenience.

Senator KENNEDY. I think it would be better instead of coming and describing it to me, if you would set down certain standards and publicly for these locals to meet and then give them an opportunity before a representative committee to demonstrate that they have met those standards. I think that would be far more satisfactory than you and I discussing each case.

Mr. BECK. We will do that.

Senator KENNEDY. But it does not seem to me that is done. I would like to know whether you personally have made a study of all of the trusteeships which have been trustee'd for 5 years or more, and in what way they failed to meet a reasonable standard.

Mr. BECK. Now, personally, as an individual, of course, no more than the president of any organization of one million and a half members, do I have an opportunity to handle all of the detail work. Much of it is passed out to those who represent me in various capacities across the United States and the Territories.

But in one way or another, either through them or directly myself, each and every one of those trusteeships have been carefully analyzed. I could bring before you, and I have offered to do it, the people who understand it in detail to satisfy you that the administration of it is 100 percent in concert with the best interests of the membership, the community, other labor organizations who may be affected by work stoppages if they were not properly administered, and the welfare of our whole general scheme of competitive structure in business.

Senator KENNEDY. I have just one other point.

I have here the form under the Taft-Hartley Act for the filing of financial reports. I have shown it to Mr. Bellino, and it is not neces-

sary for him to testify, but he has informed me that he considers it to be totally inadequate as far as anyone going through it and really detecting what is going on in union funds. The form is extremely simple, and it is inadequate as far as really representing a detailed report on union expenditures.

Therefore, in view of that, I would like to ask you four questions about possible improvements, and if you do not want to answer them you do not have to.

Do you think it is desirable that there should be, as there is not now, a Federal law to prohibit the embezzlement or misappropriation of union funds by union officials?

(The witness conferred with his counsel.)

Mr. BECK. My counsel desires that I do not answer that.

Senator KENNEDY. Then I will not ask you the rest of them, because it is in the same general area.

Senator GOLDWATER. Mr. Beck, when you came to the aid of Mr. Avery in the Montgomery Ward case, did you have an agreement with him that if you gave him your proxies, he in turn would yield to the organizing of his employees?

(The witness conferred with his counsel.)

Mr. BECK. Senator, let me say this: I never met Mr. Avery of Montgomery Ward in my life until the day the contracts were signed between Montgomery Ward and our international union. Then it was a question of who was to sign for the international union, and who was to sign for Montgomery Ward. It was agreed that if Mr. Avery personally signed the contract for Montgomery Ward, then I would sign it for our international union.

If some other officer under Mr. Avery was to sign it for Montgomery Ward, then some other officer other than myself would sign it for our international union.

I never met Mr. Avery and I never discussed the Montgomery Ward dispute in any way, shape, or manner, the proxy fight, or anything associated with it. I never met Mr. Avery, and I want to emphasize, except in his own office in Chicago for perhaps 45 minutes to an hour at the time of the signing of the contract.

Senator GOLDWATER. Did you have an agreement with Mr. Avery or any official of Montgomery Ward that if you came to their aid in this proxy fight that you would be allowed to unionize the employees?

Mr. BECK. No, Senator; I did not.

Senator GOLDWATER. We had testimony here the other day that said you did.

Mr. BECK. No, Senator. I read the transcript of that testimony, and I think that you have a misunderstanding of what I have on it. I don't think that was the testimony. I could be in error, but I don't think so.

Senator GOLDWATER. The testimony was to the point that in exchange for your proxies, you were given the right, or not the right but you were given by Mr. Avery his employees into your union.

Mr. BECK. No, Senator. I read the transcript, and I thought that there was a misunderstanding. I think that you are referring to Mr. Landa, are you not?

Senator GOLDWATER. Mr. Beck, don't you think it is a rather strange coincidence that for 18 months you had been able to bring



in only 3,000 people, and within a few days after this proxy fight was settled 39,000 people came into the union?

Mr. BECK. No; I don't think so.

Senator GOLDWATER. You don't think that is a coincidence?

Mr. BECK. No; I don't think so. And I don't know that your figures are correct, and I don't think that they are. We did not get a union shop at Montgomery Ward.

Senator GOLDWATER. I didn't say that you did. I am relying on the Chicago Tribune, which is usually fairly accurate as to figures.

Mr. BECK. Let me put it this way: I know pretty well the procedures that you follow in your approach to the problems of business and you know pretty well what I do.

Senator GOLDWATER. We are beginning to learn.

Mr. BECK. To start with, the teamsters international union as an international union never had a dollar invested in the stock of Montgomery Ward.

Senator GOLDWATER. I wasn't asking that question.

Mr. BECK. I want to show you that I personally, because the teamsters did not have any money invested in Montgomery Ward, couldn't vote any proxies or influence any stock vote except that I would go on recommendation down to our Central States where their own money was invested. By the way they made a huge profit off the investment.

Senator GOLDWATER. Did anybody in your organization have an agreement with anybody in Montgomery Ward?

Mr. BECK. No. If you would like, I will tell you just exactly what happened.

Senator GOLDWATER. I don't want to know about that, I remember about what happened, but I want to get the strange coincidence of 39,000 people coming under a union agreement within a few days after you or your organization came to the rescue of Mr. Avery.

Mr. BECK. No, it never happened that way at all. Organizing had been going on at Montgomery Ward for several years.

Senator GOLDWATER. Eighteen months.

Mr. BECK. You are wrong on that, Senator, because there was a strike at Montgomery Ward on the Pacific coast at least 8 or 9 or 10 years ago, at Portland, Oreg., and at Oakland, Calif.

Senator GOLDWATER. Then you deny having had any agreement with Mr. Avery?

Mr. BECK. Very definitely. I did not have any agreement of any kind or character.

Senator GOLDWATER. Has there been any other instances during your career in the union movement where this same strange coincidence occurred?

Mr. BECK. To the best of my knowledge, no.

Senator GOLDWATER. This question is prompted by a report that I received concerning a book called "USA Confidential."

Mr. BECK. I sued them for libel and I collected.

Senator GOLDWATER. I am glad to hear you say that, but is it true that pages 121 to 126 were deleted before that book was allowed to be sold in the State of Washington?

Mr. BECK. I don't know if you have got your information from the Congressman from Washington or not, who was in the bookselling business at that time.

Senator GOLDWATER. No.

Mr. BECK. No; here is what happened: When I elected to file libel against that book, we followed a procedure that perhaps is different than has ever been followed before. We elected to file not only against the people that wrote the book, the publishers of the book, but also against every individual outlet in the United States and in Hawaii that distributed the book. Then the question arose at Seattle, Wash., that one of your associates in Congress at that time was the manager of one of the big bookstores there. He asked the question, "If we delete the pages that have reference to you, Mr. Beck, will you then object to the sale of the book? If you lose the libel suit, we will mail them the pages and if you win the libel suit, we will keep the pages."

That is what happened.

Senator GOLDWATER. Did you win the libel suit?

Mr. BECK. I won the libel suit.

Senator GOLDWATER. So they are still stuck with them?

Mr. BECK. I filed three and I won them all.

Senator GOLDWATER. They are stuck with those four pages?

Mr. BECK. No; they decided not to sell the book.

Senator GOLDWATER. I am glad you cleared that up because there has been some inference that you used your rather unusual power to bring that about in Washington.

Mr. BECK. No; Congressman Pelly will explain it to you in detail.

Senator GOLDWATER. That is not my source, but I will ask him about it.

Mr. BECK. You ask him about it because he knows all about it.

Senator GOLDWATER. What was wrong with those four pages?

Mr. BECK. Well, they were the particular pages that were most vicious and libelous and they felt by eliminating those four pages they would remove my objection to the book, and not interfere with the sale of it.

Senator GOLDWATER. That is all I have.

The CHAIRMAN. Are there any other questions?

Senator CURTIS. I have just one question.

How large are the health and welfare funds of the teamsters union?

Mr. BECK. You mean scattered across all of our operations, by our local units?

Senator CURTIS. The grand total?

Mr. BECK. I have no idea, but they run up into hundreds of millions, a terrific amount.

Senator CURTIS. How large are the health and welfare funds of all unions?

Mr. BECK. I have no statistical record of it.

Senator CURTIS. Give me an estimate.

Mr. BECK. I could not give you an estimate, and I couldn't possibly do it.

Senator CURTIS. Could you compare it with the assets of our life-insurance companies?

Mr. BECK. No, and I am purely guessing, but I am almost willing to say it exceeds them.

Senator CURTIS. That they would exceed the assets?

Mr. BECK. I know what you are getting to by your question, but they will. I will say to you in return also that I am in favor of you

writing the strictest kind of legislation encompassing the widest area of operation to protect them.

Senator CURTIS. That is an opinion of an expert.

That is all.

Mr. KENNEDY. I was interested in the discussion about the book, Mr. Beck.

Did you make any arrangements to have a book written about yourself?

(The witness conferred with his counsel.)

Mr. WILLIAMS. That question, Mr. Beck reminds me, is germane, strangely enough, to the tax case pending in Washington. So I am going to advise him not to answer the question.

The CHAIRMAN. May I inquire? What is the date of it?

Mr. KENNEDY. 1955 it started, I understand.

The CHAIRMAN. Ask him about 1955.

Mr. KENNEDY. Did you make some arrangements in 1955?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. On what ground?

Mr. BECK. Under the fifth amendment.

Mr. KENNEDY. What was the book going to be, on yourself?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. And did you make arrangements to have the authors paid out of union funds?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Did you tell any of the union officials of the International Brotherhood of Teamsters that these people were being paid to write a book about yourself?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Did you make arrangements that as the chapters were finished, they were to be submitted to you personally?

Mr. BECK. I decline to answer the question.

Mr. WILLIAMS. I am going to advise him not to answer any questions about the book.

Mr. KENNEDY. Maybe he can answer some of them. I was interested after the book was finished if you made an arrangement with the publishing company that the teamsters would buy 10,000 of them.

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Was there any discussion about that?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Now, you were talking about some of these other matters of Montgomery Ward and we had some testimony this week also on that.

Senator GOLDWATER. I wanted to ask a question. Where can we buy that book?

Mr. BECK. The book has never been published yet.

Whenever it is, I will send you a complimentary copy.

Senator GOLDWATER. I would like to have it, with no deletions. Would you have all of the pages in?

Mr. BECK. Positively. I won't take those four out.

The CHAIRMAN. Let us have order, please.

Mr. KENNEDY. You were discussing some of the arrangements regarding testimony or some of the testimony given here earlier this

week. I was wondering if you would also tell us about the arrangements that were made on these toy trucks, the sale of the toy trucks to the union.

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Did you set your family up in a company in order to sell these toy trucks to the union?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Any of that money from the sale of the toy trucks, did any of that come back to you?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. You wrote some letters to the local unions urging them to buy these toy trucks, did you not?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Did you tell any of the union officials with whom you were working that your family was interested in this business deal?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Again you did discuss some of the testimony here. I wonder if you would tell us what your arrangement was with Mr. Donald Hedlund.

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Did you receive any kickbacks from the union funds that were invested in National Mortgage Co.?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Was it your money that was used to set up the National Mortgage Co.?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Did you make arrangements with Mr. Donald Hedlund that some of this money would come back to you?

Mr. BECK. I decline to answer the question.

Mr. KENNEDY. Could you tell the committee about the investment company?

Mr. WILLIAMS. I think that we made a stipulation covering these questions earlier in this hearing.

Mr. KENNEDY. Let us except 1950, that is all.

Mr. WILLIAMS. It was stipulated that Mr. Beck, on advice, would decline to answer questions suggested by these 52 topical matters on this mimeographed release. I understood the Chair put into the record that you had directed him to answer, and I continued to advise him to decline to answer, and I understand the record is in that posture now. So, this could serve no useful purpose to go back and repeat this.

The CHAIRMAN. Proceed with the questions.

Mr. KENNEDY. I was wondering about the Investment Co. That was established in 1953, and I understand your indictment for income-tax evasion covers 1950. Could you tell us about the Investment Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you make arrangements with Mr. Simon Wampold, the teamster attorney, to set up this company with Mr. Donald Hedlund?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Were you to get a kickback from the use of union funds that went through the Investment Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you also make arrangements during this period of time to set up an insurance company, where the insurance of the teamsters would go through this?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Was that for your own personal benefit?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Would you tell the committee about the K. & L. Distributing Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you go to the Anheuser-Busch Co. and get the distributorship of beer from Anheuser-Busch in the State of Washington?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you ask any favors from Anheuser-Busch after that?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you ask for some extra carloads of beer to be sent into the State of Washington for the company?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you use the force of the union to have your son, Dave Beck, Jr., established as president of the company?

Mr. BECK. I decline to answer.

Mr. KENNEDY. What about the Sunset Distributing Co.? Did you also have an interest in the Sunset Distributing Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you go to the head of the Rainier Beer Co. and say you would like to get another one of your relatives set up in the Sunset Distributing Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. So that he could distribute Rainier beer?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Now, did the teamsters have contracts with the Rainier Beer Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. What about the Fruehauf Trailer Co.? Did you go to them for a loan of \$200,000?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you get the loan from the Fruehauf Trailer Co. and from the Associated Transport Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you get this loan of \$200,000 from them?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you ask any other favors of the Fruehauf Trailer Co.?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you have them pay for your niece and several girls touring Europe?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you ask them to furnish a car for that?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did you ask for permission to use the plane?

Mr. BECK. I decline to answer.

Mr. KENNEDY. Did the union pay any of the transportation charges of your niece and the other girls?

Mr. BECK. I decline to answer.

Mr. KENNEDY. We have a number of other questions, Mr. Chairman, if you think it is worthwhile. I can except all of 1950.

Mr. BECK. I will answer them as I have been answering them. I have no objection to that. I decline to answer them on advice of counsel, and I am perfectly willing to do that.

Mr. KENNEDY. Do you honestly feel yourself that a truthful answer to these questions might tend to incriminate you?

Mr. BECK. I have taken advice of counsel, and on his advice I feel that they might incriminate me and I am answering under that provision.

Mr. KENNEDY. You believe truthfully yourself, truthfully, that answers to these questions might tend to incriminate you?

Mr. BECK. They might.

Senator KENNEDY. Before the hearing closes, Mr. Beck has been under some criticism during the last week for his actions, but I also would like to recall to the attention of the committee the actions of some of the businessmen with whom he dealt.

While there probably is no law under which they could be held liable and Mr. Beck, being a trustee really of his union funds, I think has the greater responsibility for what went on, nevertheless, we had as witnesses here during the past week, Mr. Wilson, from Anheuser-Busch Co., which engaged in this peculiar and abnormal relationship, and that was the word they used, for 5 years or more with Mr. Beck and one of the largest breweries in the United States.

We had in Fruehauf the largest maker of these trailers in the United States, who used union funds with Mr. Beck's assistance in a proxy fight and arranged this very peculiar and indirect loan to Mr. Beck with the Associated Transport, the largest trucker, and Mr. Seymour who joined in this loan and nevertheless, would not put it on the books as a direct loan to Mr. Beck.

Mr. Landa, a large attorney for the Fruehauf Co., who saw nothing wrong with offering Mr. Beck 50 percent after taxes of whatever profit he made. Mr. Beck turned it down, but it was 50 percent of whatever profits were made out of this stock deal which union funds were involved in.

The Occidental Life Insurance Co., one of the largest underwriters of health and welfare funds, which gave Mr. Beck the lowest rates on personal loans because Mr. Beck not only himself was a large customer, but because union funds were placed under the control of the company.

We had Mr. Shefferman, who is one of the largest industrial relations consultants in the country, who engaged in continued improper practices with Mr. Beck.

There was the Montgomery Ward Co. which, in the desire of Mr. Avery to maintain control of the company, showed very little regard for the welfare of his people. That certainly was not his primary concern.

Therefore, although I think Mr. Beck, as a trustee of the union funds was culpable, I think these men who came before this committee and saw nothing wrong in any of these things that they did are certainly not equally responsible, but are responsible.

While there is no law against it, I think the committee should take cognizance of the attitude that they took before this committee and

recognize that they have a responsibility as well as rights in this matter.

We had here an alliance of big business and big labor and with comparatively little regard paid to the union members whose funds were involved.

The CHAIRMAN. Are there any further questions, Mr. Counsel?

Mr. Beck, I have just a very few questions. Were you vice president of the Teamsters International when you purchased the block of property here on which you built the International Teamsters Building?

Mr. BECK. I decline to answer that question under the fifth amendment.

The CHAIRMAN. You are not ashamed of it, are you?

Mr. BECK. Acting on advice of counsel, I decline to answer under the fifth amendment.

The CHAIRMAN. I think this was in 1949. At that time I think you were executive vice president. Did you recommend to the executive board or the board of directors or whoever they are, who has the responsibility, that a commission of \$12,500 be paid to Mr. Shefferman or to anyone else for their purported efforts made to secure a reduction in price from \$18 a square foot to \$15 a square foot?

(The witness conferred with his counsel.)

Mr. BECK. I decline to answer that question, Senator, under the fifth amendment.

The CHAIRMAN. Did you, after the payment was made at your request by the board, receive an \$8,000 kickback from that transaction from Mr. Shefferman?

Mr. BECK. I decline to answer the question under the fifth amendment.

The CHAIRMAN. You have given your opinion here, Mr. Beck, on a number of matters. In other words, I believe you testified that you favor a secondary boycott. Did you not so testify?

(The witness conferred with his counsel.)

Mr. BECK. Yes, I favor that.

The CHAIRMAN. I thought you did, and I thought you expressed some views a while ago. I would like to ask you now, are you in favor of union officers being honest in the administration of union funds?

Mr. WILLIAMS. I don't think that question——

The CHAIRMAN. I did not ask counsel what he thought. I wanted to ask the witness the question.

Mr. WILLIAMS. I will instruct him not to answer the question.

Mr. BECK. I will decline to answer the question.

The CHAIRMAN. I am just wondering whether the man is willing to answer.

Mr. BECK. I am following the advice of counsel.

The CHAIRMAN. I understand that.

Mr. BECK. All I am doing——

The CHAIRMAN. Listen.

Mr. BECK. Yes, Senator.

The CHAIRMAN. When I am talking, I mean for you to listen and not talk back to me. I wanted to ask you here, and give you the oppor-

tunity to state to this 11½ million labor-union workingmen, whether you believe in honesty and integrity in the administration of their money.

MR. WILLIAMS. I am going to instruct him not to answer because it has no relevancy whatever to any legislative purpose, as many of the questions that have been posed to him.

THE CHAIRMAN. I think it does. For the benefit of counsel, I may say to you, sir, in spite of his efforts not to be helpful, I think that your client has been very helpful to the Congress and it has shown them definite areas where they should legislate and must legislate if the honest working people of this country are to be protected from such rascality as has been going on in this union.

Now, if you want my view about it, and you asked for it, that is it. Now, let me ask you one other question.

Are you in favor of rendering accurate accounting of the funds that you are trustee of to the members of the union that you represent?

MR. BECK. Yes. One hundred percent.

THE CHAIRMAN. Will you start now by giving an accounting of the \$370,000 that you have paid back so far, and tell us how it came into your possession?

MR. BECK. I decline to answer that under the fifth amendment.

THE CHAIRMAN. You said you were willing to give an accounting under oath a minute ago. Now, are you willing to do it?

MR. BECK. On advice of counsel, I decline to answer that question.

THE CHAIRMAN. You are not willing to do it now, are you?

MR. WILLIAMS. Mr. Chairman, may I be heard?

THE CHAIRMAN. Briefly.

MR. WILLIAMS. Mr. Chairman, if this committee had the power to adjudicate the issues in these financial matters and render a judgment, we would have a completely different story. But the committee is asking this witness to come in here and lay before the committee his defense in a case in which he is on trial or going to be on trial very shortly on the west coast.

THE CHAIRMAN. I am not asking him that. Let me say to you that I do not need a lecture on the law. I believe I know the rights of this committee and of this witness.

There has been derogatory testimony here. If what we have heard is true, I believe counsel will agree with me that a housecleaning is long overdue. Now, this witness' testimony has been against him and I have tried to give him every opportunity to answer if he desires to answer or to explain, and that is the purpose of the hearing.

As I said, he has been very helpful, although not intentionally so, by his refusal to be cooperative. It clearly indicates that the Congress has a responsibility in my judgment and a duty to enact laws to make people responsible who occupy positions of trust such as your client occupies.

MR. WILLIAMS. If this committee could, through some arrangement with the Department of Justice, get the power to decide definitively this man's tax case, I would give him altogether different advice from what I have been giving him here today.

THE CHAIRMAN. You have been trying to lecture me a little on the law. I think you know that the Justice Department could not give this committee any such authority.



Mr. WILLIAMS. I am sorry, sir, I haven't been trying to lecture you on the law. I have been trying the best of my lights to protect this man's rights, and he does have some rights here, as you appreciate.

The CHAIRMAN. He does, and a million and a half union members in this country have some rights that this committee has been trying to protect, and I hope the Congress hereafter will enact legislation that will protect their rights.

Are there any further questions?

The witness will remain under subpoena. I am hopeful that it will not be necessary to recall him at any time, but I cannot be sure.

In the meantime, I will make this observation: I think it will be very interesting to watch and see what actions are taken by sources within the union, and particularly the teamsters international, to give an opportunity for a fair hearing and determine whether the testimony that has been spread upon the record here is fact or fiction. If it is fact, I think the eyes of the Nation will be on the teamsters union to see what action it will take to clean its own house.

Is there anything further?

The Chair wishes to specifically, most sincerely and with deepest appreciation, compliment the staff of the committee, the chief counsel, who has directed the labors and work of the other members of the staff in searching out this information that has been brought here, and preparing the necessary detail work to make these hearings possible, and to get these facts before the Congress and before the American people.

Those who have been working specifically on this investigation, in addition to the chief counsel, Mr. Kennedy, are Mr. G. Ray Bandy, from the General Accounting Office in Seattle; Mr. Fred Thompson; Mr. Walter Henson; Mr. Allen Moore; Mr. Clarence L. Andrews; Mr. Millard F. Reeves; Mr. John Colman; Mary Shemenski; and Chester Dean. Mr. Joseph Campbell, head of General Accounting Office, has very cooperatively made these people available to the committee to help carry on this work.

I would also like to thank Lester Poole, of the General Accounting Office.

On the committee staff, I extend my appreciation to Mr. Carmine Bellino, LaVern Duffy, Jerry Adlerman and Pierre Salinger, and John Aporta, who have all worked so hard. Mr. Bellino, as chief accountant, has directed much of this work himself, particularly in the accounting field.

Back behind all of these people is the excellent clerical staff helping keep house for us and keeping this work orderly so that we can proceed.

Is there anything further?

The committee stands in recess subject to call.

(Whereupon, at 5:07 p. m., the committee recessed, subject to the call of the Chair.)

(Members present at the taking of the recess: Senators McClellan, Kennedy, and Curtis.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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FRIDAY, MAY 17, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 12:05 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Carmine Bellino, accounting consultant; Ruth Young Watt, chief clerk.

(Members present at the convening of the session: Senators McClellan and Ives.)

The CHAIRMAN. The committee will come to order.

Mr. KENNEDY. Mr. Norman Gessert.

The CHAIRMAN. Mr. Norman Gessert, come forward, please, sir.

Be seated.

Mr. Gessert, you were sworn yesterday as a witness before the committee?

Mr. GESSERT. Yes.

## TESTIMONY OF NORMAN J. GESSERT, ACCOMPANIED BY COUNSEL, EDWARD L. CAREY

The CHAIRMAN. You at that time—your counsel, I believe, identified himself for the record?

Mr. CAREY. I did, Mr. Chairman.

The CHAIRMAN. At that time, you requested an opportunity to confer with your counsel before testifying?

Mr. GESSERT. Yes.

The CHAIRMAN. Have you had ample opportunity to confer with your counsel?

Mr. GESSERT. I have, sir.

The CHAIRMAN. Thank you very much.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Gessert, as I understand it, you have just been, during the last month or so, removed from the payroll of the teamsters union.

Could you tell the committee why that action was taken, and then give a little bit of your background as to what work you were doing for the teamsters?

Mr. GESSERT. I decline to answer that question.

Mr. KENNEDY. You decline to answer?

Mr. GESSERT. Under the fifth amendment.

Mr. KENNEDY. You feel that a truthful answer to the question might tend to incriminate you?

Mr. GESSERT. I refuse to answer.

Mr. KENNEDY. Would you tell the committee, then——

The CHAIRMAN. Just one moment.

We are going to have a little better order.

Mr. Gessert, let me ask you a question. Have you been employed in the past by the teamsters union or any local organization of the teamsters international?

Mr. GESSERT. I decline to answer that question, sir, under the fifth amendment.

The CHAIRMAN. Under the fifth amendment? You do not want to admit whether you have been an employee of the teamsters union?

Mr. GESSERT. I decline to answer that, sir.

The CHAIRMAN. Do you honestly believe that it might tend to incriminate you if you admitted that you had been in the employ of the teamsters union?

Mr. GESSERT. I decline to answer that, sir.

The CHAIRMAN. You are ordered to answer that question.

Mr. GESSERT. I decline to answer it under the fifth amendment.

The CHAIRMAN. You are ordered and directed to answer the question as to whether you honestly believe that if you answered the question truthfully, that a truthful answer might tend to incriminate you.

Mr. GESSERT. I decline to answer that under the fifth amendment.

The CHAIRMAN. Proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Chairman, based on the information that we have, Mr. Norman Gessert came to work for the retail clerks union back in 1935, and his job at that time was procured for him by Mr. Dave Beck.

Would you tell us whether that is true, Mr. Gessert?

Mr. GESSERT. I decline to answer that, sir.

Mr. KENNEDY. On the grounds that a truthful answer might tend to incriminate you?

Mr. GESSERT. I decline to answer that on the grounds that it might incriminate me.

Mr. KENNEDY. Mr. Chairman, we also have information that he worked with the retail clerks union from 1935 to about 1952; that during part of that period of time, namely, 1948 through 1949, 1950, 1951, he was associated with John Lindsay, in the John Lindsay Construction Co.

Could you tell us whether you were associated with the John Lindsay Construction Co.?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. And that during this period of time he was associated with John Lindsay, Mr. Chairman, that he was working on the development that was taking place on Mr. Dave Beck's home.

Would you tell us about that?

Mr. GESSERT. I decline to answer that statement.

Mr. KENNEDY. And during that whole period of time that he was working out there, he was still on the payroll of the retail clerks union.

Is that true?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. And, finally——

The CHAIRMAN. Do you mean you do not want to say whether, while you were working on Mr. Beck's property, in the development of it, you were getting paid out of union funds? Is that what you do not want to say?

Mr. GESSERT. I decline to answer that, Senator, under the fifth amendment.

The CHAIRMAN. Do you think it might tend to incriminate you if you answered truthfully?

Mr. GESSERT. It might.

The CHAIRMAN. It might.

All right. Proceed.

Mr. KENNEDY. I would like to ask him some questions about when he was working with the John Lindsay Construction Co., whether the Lindsay Construction Co. was paid for the work they did at Dave Beck's home, with union checks or with Dave Beck's personal checks.

Would you give us any information about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Do you know Mr. Dave Beck?

Mr. GESSERT. I decline to answer that.

Mr. KENNEDY. Are you related to Mr. Beck?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. Are you related to Mrs. Beck?

Mr. GESSERT. I decline to answer that.

Mr. KENNEDY. Do you live——

The CHAIRMAN. Just a moment.

Do you think it might incriminate you to be related to Mr. Beck or to Mrs. Beck?

(The witness conferred with his counsel.)

Mr. GESSERT. I decline to answer that under the fifth amendment.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. One of the homes that was built out in this compound of Dave Beck, we understand, is a home in which Mr. Gessert lives himself at the present time.

Is that true, Mr. Gessert?

Mr. GESSERT. I decline to answer that under the fifth amendment.

The CHAIRMAN. Just a moment.

What address did he give yesterday? He gave his address.

Will you refer to the record? Let us ask him if he lives at that address.

Proceed. We will get the record.

Mr. KENNEDY. Could you tell us whether the home that you live in now was paid for out of union funds or was paid for out of personal funds?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

(At this point, Senator Curtis entered the hearing room.)

Mr. KENNEDY. Mr. Chairman, we also understand that Mr. Gessert continued on the instructions of Mr. Dave Beck, continued on the payroll of the retail clerks during this period of time, and this was a retail clerks union which has been sometimes described as a captive union in that it is run and operated by the teamsters. They have their headquarters in the same building as the teamsters have out in Seattle, and which is owned by the teamsters. And that Mr. Gessert continued on the payroll of the retail clerks on the instructions of Mr. Dave Beck.

Is that true?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Mr. Chairman, also we have some information that at one time, the clerk of the retail clerks, the pay clerk, refused to pay Mr. Gessert any more money on the grounds that he was tired of having Mr. Gessert on the retail clerks payroll and that Mr. Beck should go and put him on somebody else's payroll.

Did you ever have a conversation such as that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Mr. Chairman, subsequently, in 1954, Mr. Gessert was put on the payroll of the teamsters, International Brotherhood of Teamsters, and since that time he has worked, been on the payroll of the International Brotherhood of Teamsters, until, I believe, March 31 of this year.

Is that true, Mr. Gessert?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Since that time that he was put on the payroll, from April 15, 1954, until he left on March 31 of this year, Mr. Gessert had received some \$50,903.72 from the International Brotherhood of Teamsters.

Is that correct?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

The CHAIRMAN. Are you not willing to state for the information of this committee, for the information of members of the teamsters union, whether you were drawing money out of their dues, out of money they paid in as dues, or out of their welfare fund, or work that you did for an individual and not for the union? Are you not willing to tell that?

Mr. GESSERT. I decline to answer that, Senator, under the fifth amendment.

The CHAIRMAN. Are you not willing to give an accounting to the union for your work, for your labor, and for the money you received from it?

Mr. GESSERT. I decline to answer that, sir.

The CHAIRMAN. What do you think that the poor union members who have to work and earn that money and pay it in as dues, what do you think that they are entitled to? To know anything about it or not to know?

Mr. GESSERT. I decline to answer that, Senator, under the fifth amendment.

The CHAIRMAN. In other words, you feel that the possibility of incrimination is so strong that you dare not risk telling the truth?

(The witness conferred with his counsel.)

Mr. GESSERT. I decline to answer that, sir.

The CHAIRMAN. You cannot answer that?

(The witness conferred with his counsel.)

Mr. GESSERT. I decline to answer that under the fifth amendment.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, as I stated, based on the information that we have, Mr. Gessert came to work for the teamsters in April of 1954 during the same period of time, or about the same period of time, he went to work for the Union Merchandising Co.

Is that true?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. In that capacity, he was connected with Mr. Shelton Shefferman and Mr. Nathan Shefferman.

Is that true?

Mr. GESSERT. I decline to answer that, sir, under the fifth amendment.

Mr. KENNEDY. Do you know Mr. Shelton Shefferman?

Mr. GESSERT. I decline to answer that.

Mr. KENNEDY. Do you know Mr. Nathan Shefferman?

Mr. GESSERT. I decline to answer that under the fifth amendment.

The CHAIRMAN. Can you tell us anyone you know without the possibility of incriminating yourself, anyone?

Mr. GESSERT. I decline to answer that, sir.

The CHAIRMAN. Do you know your attorney sitting beside you?

(The witness conferred with his counsel.)

Mr. GESSERT. I decline to answer that under the fifth amendment.

The CHAIRMAN. I just wanted to see how ridiculous and how frivolous these things can get when people find themselves in a situation such as you are.

Go ahead.

Mr. KENNEDY. Mr. Chairman, during this period of time, or approximately 1953 through 1955, the Union Merchandising Co. made a profit of some \$200,000.

I was wondering, Mr. Gessert, if you know anything about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. The great majority, if not all of the profits, came from sales that were made by the Merchandising Co. to the teamsters.

Do you know anything about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Namely, the sales included some toy trucks that were sold to the teamsters union and some other kinds of merchandise that was sold to the teamsters.

Do you know anything about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Did you have any part in selling those things to the teamsters?

Mr. GESSERT. I decline to answer that, sir.

Mr. KENNEDY. So, Mr. Chairman, during that period of time, Mr. Gessert received from the Union Merchandising Co. some \$51,000 himself.

Is that true, Mr. Gessert?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Mr. Chairman, during the period of time that Mr. Gessert was working for the International Brotherhood of Teamsters, he was also working for the Union Merchandising Co.—and received from the International Brotherhood of Teamsters some \$50,000—he was also working for the Union Merchandising Co. and receiving some \$51,000 that resulted in sales from the Union Merchandising Co. to the International Brotherhood of Teamsters.

The CHAIRMAN. Over what period of time?

Mr. KENNEDY. That was over a period of about 2½ years.

The CHAIRMAN. In 2½ years he drew \$50,000 out of the union?

Mr. KENNEDY. The Union Merchandising Co. and approximately \$51,000 from the teamsters, in the form of salary and expenses.

Would you comment on that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Do you recognize the situation where a possible conflict of interest might exist between the work that you were doing for the International Brotherhood of Teamsters and the work you were doing for the Union Merchandising Co.?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Did you have anything to do with the sale of the toy trucks to the international?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Mr. Chairman, also during this period of time, starting back in 1952, or 1952 or thereabouts, it is understood that Mr. Dave Beck became interested in obtaining the distributorship of another type of beer other than Budweiser beer, and this beer company—he was trying to get the distributorship for Rainer Beer in Seattle.

Do you know anything about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. So he went to the head of the Rainer Beer Co. in Seattle, Mr. Sick, and arranged for the Rainer Beer Co. to give a distributorship to the Sunset Distributing Co.

Do you know anything about the Sunset Distributing Co.?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. And Mr. Beck then installed his relative, Mr. Gessert, as an officer in the Sunset Distributing Co., and put the money up for Mr. Gessert to invest in the Sunset Distributing Co.

Do you know anything about that?

Mr. GESSERT. I decline to answer that, sir, under the fifth amendment.



Mr. KENNEDY. And then the Sunset Distributing Co. proceeded to distribute Rainier Beer in Seattle.

Can you give us any information on that?

Mr. GESSERT. I decline to answer that, sir, under the fifth amendment.

Mr. KENNEDY. Mr. Chairman, it has been established that the Rainer Beer Co. has contracts with the teamsters in the Seattle area.

Do you know that, Mr. Gessert?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. We also understand that Mr. Gessert handled some money that Mr. Beck wanted to invest in certain real-estate transactions in Seattle.

Is that correct, Mr. Gessert?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Did he give you some money to invest in the Lake Almanor Real Estate Development Corp., at Almanor, Calif.?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Did he advance you some \$16,000 to invest in that?

Mr. GESSERT. I decline to answer that, sir, under the fifth amendment.

Mr. KENNEDY. Were you involved at all in the setting up and the purchase of the building and land for the K. & L. Distributing Co.?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Mr. Chairman, the information that we have developed before the committee is that the K. & L. Distributing Co. handled the distributorship for Anheuser-Busch for the Budweiser beer in Seattle, and we understand that Mr. Gessert had something to do with the purchase of the land and the property in connection with that organization.

Could you tell us anything about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. We also understand that he had some information about another relative of Mr. Dave Beck's, Mr. Joseph McEvoy, and the business connections that Mr. McEvoy had with Mr. Beck.

Can you tell us anything about Mr. Joseph McEvoy?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Are you related to Mr. McEvoy?

Mr. GESSERT. I decline to answer that, Senator.

Mr. KENNEDY. We have been looking for Mr. McEvoy lately. I was wondering whether you have seen him at all.

(The witness conferred with his counsel.)

Mr. GESSERT. I decline to answer that under the fifth amendment, Mr. Kennedy.

Mr. KENNEDY. What about Dave Beck, Jr.? We have also been looking for him. I was wondering if you had run into him at all?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. Were you and Dave Beck, Jr., and Mr. McEvoy all in Canada recently?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Can you tell the committee how you all happened to go to Canada together?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. Did Mr. Dave Beck instruct you to go to Canada?

Mr. GESSERT. I decline to answer that, sir.

Mr. KENNEDY. On the fifth amendment?

Mr. GESSERT. On the fifth amendment.

Mr. KENNEDY. Mr. Chairman, we understand that Mr. Norman Gessert, Mr. Joseph McEvoy, and Mr. Dave Beck, Jr., all went to Canada together, and while they were up there, they rented a car, and during this period of time that they rented the car they charged the car rental to the teamster union up in Vancouver, Canada.

Can you tell us anything about that?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Was the car rental charged to the teamsters union while you were up in Vancouver, Canada?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. Could you tell the committee how long you were in Canada?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. When did you arrive back in the United States?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. We understand also, Mr. Chairman, that when the marshal came to the door for Mr. Gessert to try to serve the subpoena on him, that he jumped through the window and ran out to get in his car.

I was wondering if you can tell us anything about that?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. And when he got in the car, he raced away. The police finally caught him, and he threw his wallet down on the floor and described himself as someone else rather than Mr. Norman Gessert.

Is that true?

Mr. GESSERT. I decline to answer that, under the fifth amendment.

Mr. KENNEDY. Did you describe yourself as Mr. Stackpool, rather than Norman Gessert? Did that happen?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

The CHAIRMAN. Do you think it would incriminate you to identify yourself?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. I have a few more questions.

I was wondering if from any of these business transactions that were set up by Mr. Dave Beck in which you took an interest, I was wondering if you turned over any moneys from them to Mr. Dave Beck.

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. Were you acting sort of as a front for Mr. Dave Beck in these business transactions?

Mr. GESSERT. I decline to answer that under the fifth amendment.

Mr. KENNEDY. Did Mr. Beck receive any moneys back from you, for instance, on the sale of the toy trucks?

Mr. GESSERT. I decline to answer that, Mr. Kennedy, under the fifth amendment.

Mr. KENNEDY. And from the Sunset Distributing Co., did he receive any moneys back from you on that?

Mr. GESSERT. I decline to answer that, under the fifth amendment, Mr. Kennedy.

Mr. KENNEDY. That is all.

The CHAIRMAN. Yesterday, when you took the witness stand, the Chair asked you to give your name, your address, and your place of residence. You gave your name as Norman J. Gessert. Is that correct?

Mr. CAREY. Mr. Chairman, may I make an observation at this particular time?

The CHAIRMAN. You make make a brief observation.

Mr. CAREY. Yesterday when Mr. Gessert was brought before this committee it was just about a half-hour after I had had an opportunity to talk to him. I didn't have sufficient time to advise him as to his constitutional rights. If you will recall, and the record will so reflect, at the time when he was asked to be sworn in, I registered an objection. The purpose of that objection was for me to have sufficient time to properly advise him.

Since that time, I have talked with this gentleman, yesterday and last evening, and I have now advised him that his address, which was given yesterday without advice of counsel, would be incriminatory in nature, and I have so advised him to plead the fifth amendment as to the specific address which he gave yesterday.

The CHAIRMAN. He is at liberty to carry out your advice.

Was the name you gave yesterday correct?

Mr. GESSERT. I decline to answer that, Senator, under the fifth amendment.

The CHAIRMAN. Was the address you gave yesterday as 16730 45th Northwest, Seattle 55, Wash., correct?

Mr. GESSERT. I decline to answer that, Senator, under the fifth amendment.

The CHAIRMAN. The Chair asked you yesterday, "What is your business or occupation?" and you answered "General organizer for the Teamsters International Union." Was your answer true and correct yesterday?

Mr. GESSERT. I decline to answer that, Senator, under the fifth amendment.

The CHAIRMAN. I see.

Are there any questions, Senator Ives?

Senator IVES. No.

The CHAIRMAN. Have you any questions, Senator Curtis?

Senator CURTIS. Do you know any officers of the teamsters international that could give this committee information, and the giving of that information would not incriminate them?

Mr. GESSERT. I decline to answer that, sir, under the fifth amendment.

Senator CURTIS. I did not ask you to name them. I asked you if you knew any.

Mr. GESSERT. I decline to answer that, under the fifth amendment.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. The witness will remain under subpoena subject to be recalled at the pleasure of the committee upon reasonable notice being given to him of the time and place of his appearance.

Mr. CAREY. Mr. Chairman, I take it it will be all right for him to return to his home in Seattle, and we will have ample time to bring him in, if you do desire?

The CHAIRMAN. With that understanding, yes, sir; he may return. He is at liberty to go anywhere he likes. If he leaves the jurisdiction of the United States under this subpoena, that might bring about a few complications as you, as an attorney, can well appreciate.

Mr. CAREY. I was particularly interested in his going back to Seattle, to his home.

The CHAIRMAN. Yes; he will be at liberty if he accepts this recognizance to return, or you accept it for him, in his behalf, upon reasonable notice as to time and place.

Mr. CAREY. Thank you, Mr. Chairman.

The CHAIRMAN. Let the record show that the recognizance is accepted.

Is there anything further?

Are we to understand—attorneys usually understand that, that notice to you as his attorney, giving reasonable time and opportunity for you to get him here, will be compliance with the understanding?

Mr. CAREY. Yes, sir; that is our understanding.

The CHAIRMAN. Thank you very much.

You may be excused for the present.

Mr. CAREY. Thank you, Mr. Chairman.

Mr. GESSERT. Thank you.

(Whereupon, at 12:30 p. m., the committee recessed, subject to the call of the Chair.)

(Members present at the taking of the recess: Senators McClellan, Ives, and Curtis.)

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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TUESDAY, JUNE 4, 1957

UNITED STATES SENATE, SELECT COMMITTEE ON  
IMPROPER ACTIVITIES IN THE LABOR  
OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator Sam J. Ervin, Democrat, North Carolina; Senator Pat McNamara, Democrat, Michigan; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome Adlerman, assistant counsel; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the hearing were Senators McClellan, Ives, Mundt, Goldwater and Curtis.)

The CHAIRMAN. It had been previously announced that today we would start open hearings on the activities in connection with the Bakery and Confectionery Workers' International Union of America.

On yesterday, however, the Chair issued a statement to the press announcing the postponement of those hearings until Thursday, due to the death of a member of the family of the attorney who represents the first witness who was scheduled to be called.

However, I announced at that time that we would proceed this morning with hearing two witnesses, Mr. Joseph McEvoy and Mr. Dave Beck, Jr., who had been subpoenaed and were also scheduled to testify today.

As to the third witness that we had hoped to hear today, Mr. Frederick Verschueren, we have received from his doctor, Dr. Alexander Grinstein, a letter dated May 29, stating that Mr. Verschueren is confined in Providence Hospital, in Seattle, Wash., with a diagnosis of his condition.

The committee had that information checked by Dr. James Moriority and he confirms the diagnosis of Dr. Grinstein and from their prognosis of the patient's case it will be some 10 days or 3 weeks yet before he will be able to travel. Therefore, we have to defer hearing his testimony today.

We are now ready to proceed with the two witnesses who, I understand, are present. Which one do you desire to call first?

Mr. KENNEDY. Mr. Dave Beck, Jr., please.

The CHAIRMAN. Mr. Dave Beck, Jr., will you come around, please, sir?

All right, Mr. Beck, will you stand and be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. BECK. I do.

**TESTIMONY OF DAVE BECK, JR., ACCOMPANIED BY HIS COUNSEL,  
EDWARD L. CAREY**

The CHAIRMAN. Mr. Beck, will you please state your name, and your place of residence and your business or occupation?

Mr. BECK. My name is Dave Beck, Jr., 16749 Shore Drive, Seattle, Wash.

The CHAIRMAN. What is your occupation, Mr. Beck?

(The witness consulted with his counsel.)

Mr. BECK. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. Are you engaged in such an occupation that the revelation of it truthfully might tend to incriminate you?

(The witness consulted with his counsel.)

Mr. BECK. It may have a tendency to.

The CHAIRMAN. It may have a tendency to?

Mr. BECK. To incriminate me.

The CHAIRMAN. Do you honestly believe that, and are you stating that as a truth under oath?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You mean that you are refusing to answer whether you are telling the truth now or not under oath when you say that you honestly believe that if you reveal your occupation that it might tend to incriminate you? Is that what you are saying?

Mr. BECK. I refuse to answer on the same ground.

The CHAIRMAN. I order you with the permission of the committee, unless there is objection, the Chair orders and directs you to answer the question as to what is your occupation.

Mr. BECK. I refuse to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. Now, I ask you the question, do you honestly believe that if you gave a truthful answer to that question and revealed your occupation, that such answer might tend to incriminate you? Do you honestly believe that?

Mr. BECK. I refuse to answer on the same grounds.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question as to whether you honestly believe that a truthful answer might tend to incriminate you.

Mr. BECK. I refuse to answer on the grounds it may have a tendency to incriminate me.

The CHAIRMAN. Have you talked with members of the staff regarding your testimony here?

(The witness consulted with his counsel.)

Mr. BECK. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. Do you think that it might incriminate you if you talked to members of the staff prior to your testimony?

Mr. BECK. I refuse to answer on the same ground.

The CHAIRMAN. Will you answer this: Would this incriminate you? Do you have an attorney present to represent you?

Mr. BECK. Yes, sir, I do.

The CHAIRMAN. That does not incriminate you?

Mr. BECK. No.

The CHAIRMAN. Will you have your attorney please identify himself for the record.

Mr. CAREY. My name is Edward L. Carey, Barr Building, Washington, D. C.

The CHAIRMAN. You are familiar then, with the rules of the committee, of course?

Mr. CAREY. I am, Mr. Chairman.

The CHAIRMAN. Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Beck, are you now connected with the International Brotherhood of Teamsters?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Have you received any salary or expenses from them?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. The Chair wants to make this record very clear and you have counsel to advise you. I want to ask you if you honestly believe that if you answered the question truthfully and stated whether you have any connections with the Teamsters Union that such truthful answer might tend to incriminate you.

Mr. BECK. The same answer, the fifth amendment.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question as to whether you honestly believe that a truthful answer might tend to incriminate you.

(The witness conferred with his counsel.)

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. You are ordered and directed to answer the question. You understand that, and I assume your counsel understands it.

Mr. BECK. The same answer.

The CHAIRMAN. What was the other question?

Mr. KENNEDY. Whether he was connected with the Teamsters Union, and whether he received any salary or expenses.

The CHAIRMAN. You were asked the question by counsel as to whether you had received any salary or expenses from the Teamsters Union organization.

Mr. BECK. I refuse to answer.

The CHAIRMAN. You answered that you refused to answer on the ground it might tend to incriminate you. I ask you the question again: Do you honestly believe that if you gave a truthful answer to that question, that the truth might tend to incriminate you?

Mr. BECK. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. Without objection from the committee, the Chair orders and directs you to answer the question as to whether a truthful answer, or you honestly believe a truthful answer might tend to incriminate you.

(The witness conferred with his counsel.)

Mr. BECK. I refuse to answer on the grounds it may have a tendency to—

The CHAIRMAN. The Chair has given you continuous orders and directions throughout the further proceedings, and the further interrogation of you as a witness.

Senator GOLDWATER. Mr. Chairman, in order to try to clear up this question of Mr. Beck's membership or association with the teamsters, I would like to ask him if he knows Dave Beck, Sr.

Mr. BECK. I refuse to answer on the ground that it may incriminate me.

Mr. KENNEDY. Specifically, have you been connected with the teamsters union from 1954 to 1955 and 1956, and part of 1957?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Are you still on the payroll of the teamsters?

Mr. BECK. The same answer.

Mr. KENNEDY. I was wondering how you first got your job with the teamsters.

(The witness conferred with his counsel.)

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. You were appointed an international organizer of the teamsters, were you not, in 1954?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you admitted that you have had any connection with the teamsters union, or were ever employed by it or worked for it as an organizer or otherwise, or drew any expenses that you were entitled to from it—do you honestly believe that if you answer those questions truthfully that the truth might tend to incriminate you?

Mr. BECK. I refuse to answer on the grounds it may incriminate me.

The CHAIRMAN. You are ordered and directed to answer that question by permission of the committee. The Chair gives you that order and direction.

Mr. BECK. I refuse to answer on the grounds it may incriminate me.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. The records show that in 1954 Mr. Dave Beck, Jr., received a salary paid by the International Brotherhood of Teamsters as an international organizer, of \$5,000; is that correct, Mr. Beck?

Mr. BECK. I refuse to answer on the fifth amendment.

Mr. KENNEDY. And for that same year, 1954, you received in expenses, some \$7,244.10; is that correct?

Mr. BECK. The same answer, the fifth amendment.

Mr. KENNEDY. Could you tell the committee what you did for those expenses?

(The witness conferred with his counsel.)

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you do any work to earn those expenses, or that salary, Mr. Beck?

Mr. BECK. The same answer.

Mr. KENNEDY. Now, in 1955, Mr. Chairman, the record shows that Mr. Dave Beck, Jr.'s salary, paid by the International Brotherhood



of Teamsters, was \$12,000 and that his expenses during that same period of time was \$15,962.89.

Did you receive \$12,000 in salary in 1955 from the International Brotherhood of Teamsters?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you receive for that same year, 1955, \$15,962.89 in expenses?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

(At this point, Senator Ervin entered the hearing room.)

The CHAIRMAN. Do you deny these records are true?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. You have been interested in the teamsters union and the organization as a labor organization in this country, in its success, and in its reputation and its integrity. Are you willing to cooperate to the extent of helping this committee investigate and interrogate with respect to its activities?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. You realize that there are about 11½ million members of that organization who pay dues, do you not?

Mr. BECK. I refuse to answer on the same ground.

The CHAIRMAN. You realize they have some rights, do you not, with respect to how their money is expended?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. Do you feel under any obligation to make an accounting to those 11½ million members of the organization who pay dues for such money as you may have received from the organization to pay your salary and expenses?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. In other words, to state an opinion as to whether you think they have any rights or not, it might tend to incriminate you?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You have taken the position, as I understand you, that their rights to know what happens to their money and how their union affairs are expended are subservient to your right to take the fifth amendment.

In other words, you are taking the position that your right to take the fifth amendment supersedes any rights they have to know how their organization is operated and whether their money is properly expended. Is that correct?

Mr. BECK. I refuse to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Proceed.

Senator MUNDT. Mr. Beck, have you been to Canada recently?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Senator MUNDT. What is there about a Canadian visit that would be incriminating? They are friends of ours politically and economically and in other words——

Mr. BECK. I refuse to answer on the same ground.

Senator MUNDT. Did you go to Canada with Mr. McEvoy?

Mr. BECK. I refuse to answer. It may have a tendency to incriminate me.

Senator MUNDT. On your trip to Canada, did you utilize an automobile which was charged to the teamsters union?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Senator MUNDT. Let me ask you a hypothetical question, Mr. Beck. Do you think that charging your trip to Canada, to the teamsters union, would be an appropriate charge, assuming it had been made?

Mr. BECK. I refuse to answer on the same ground.

Senator MUNDT. You cannot incriminate yourself on a purely hypothetical question, and I am just establishing a hypothesis here, assuming that you had charged motel or hotel expenditures and automobile expenditures in, shall we say, Canada or someplace, to the teamsters union, that would be an appropriate charge.

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Senator MUNDT. Do you know Mr. McEvoy?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Senator MUNDT. I suppose, if you are taking the fifth amendment about an acquaintanceship with a man by the name of McEvoy, there must be something incriminating about his background, and I do not know. Has he been involved in any criminal activities?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Senator CURTIS. Mr. Beck, have you engaged in politics in any form?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Senator CURTIS. Do you know any officeholders?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Senator CURTIS. That is all.

The CHAIRMAN. Are you married?

(The witness conferred with his counsel.)

Mr. BECK. No.

(At this point, Senator McNamara entered the hearing room.)

The CHAIRMAN. Can you suggest any other question I can ask you that you would answer?

Mr. BECK. I have no comments.

The CHAIRMAN. Proceed.

Mr. KENNEDY. The records show also in 1956, that you received in salary from the International Brotherhood of Teamsters \$12,375.75 as an international organizer. Is that correct?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KEENNEDY. Could you tell the committee what you did for that salary?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. During that same period of time, 1956, you received in expenses \$16,437.50, is that correct?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Could you tell the committee what you did to earn those expenses?

(The witness conferred with his counsel.)

Mr. BECK. Pardon me?

Mr. KENNEDY. Can you tell the committee what you did to earn those expenses?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Did you put those expenses in your income-tax return of 1954, 1955, and 1956?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. That is humorous, is it, Mr. Beck?

Mr. BECK. It is not humorous; no.

Mr. KENNEDY. You did not declare those expenses in your income-tax return?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you not receive those expenses for the use of your car, in part, at least part of those expenses?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you not make a statement in your income-tax returns of 1955 that you did not receive any compensation for your cars, and that the cars were not provided by the company for whom you worked? Did you not state that as a fact in your income-tax returns?

Mr. BECK. I refuse to answer on the ground it may have a tendency.

Mr. KENNEDY. Are your income-tax returns for those years accurate, Mr. Beck?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Now, for the years 1954, 1955, and 1956 you received \$69,000, or approximately \$69,000, from the International Brotherhood of Teamsters. Could you tell the committee what you did for that money?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Were your expense accounts approved by Mr. Dave Beck, Sr.?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you occasionally put in expense accounts and said you were on confidential matters, and then have that approved by Dave Beck, Sr.?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. For instance, in December of 1955 did you put in a voucher for \$1,547.50 and say that you were on travel on confidential matters?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. And that this was O. K.'d by "D. B."?

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. Who is "D. B."; do you know who that was?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. And the same thing in for another \$1,430 in the same month; did you put in another voucher and say you were on confidential matters?

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. Would you tell the committee what you were doing for that money?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did some months you put in vouchers for expenses and give no bills of any kind to show how you paid that money or spent that money?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you ever do any work for the teamsters, Mr. Beck?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Senator IVES. I would like to ask the witness a question. What is your name?

Mr. CAREY. He didn't hear.

Senator IVES. What is his name?

Mr. BECK. Dave Beck, Jr.

Senator IVES. For whom were you named?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Senator IVES. Thank you.

Senator ERVIN. I respectfully suggest that the last answer is trifling with the committee. He received that name when he was an infant too small to have been guilty of any criminal offense regardless of what he did.

So I think he is making a travesty of the fifth amendment.

Mr. CAREY. I think he still bears the name, and it is his present name.

Senator ERVIN. He asked him who he was named for, and that must have happened in the normal course of events when he was even a nonspeaking infant, before he was old enough to invoke the fifth amendment and when he could not have been guilty of any criminal offense, regardless of what he may have done.

The CHAIRMAN. The Chair wishes to ask 2 or 3 questions. Were you associated in the past or are you now associated with Mr. Joe McEvoy in a business enterprise?

Mr. BECK. I refuse to answer on the same grounds; it may tend to incriminate me.

The CHAIRMAN. Were you associated or are you now associated with your father in any business enterprise?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. What relation are you to Joe McEvoy?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question.

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. Is there any relationship between you and Dave Beck, Sr.?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a true answer might tend to incriminate you?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question.

Mr. BECK. The same answer.

The CHAIRMAN. All right. Now, with respect to Mr. Dave Beck, Sr., the Chair asks you again, have you been engaged in any business enterprise with Mr. Dave Beck, Sr.?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

The CHAIRMAN. I will ask the question another way: Have you been engaged in any legitimate lawful business enterprise with Dave Beck, Sr.?

Mr. BECK. I refuse to answer on the ground it may intimidate me—I mean incriminate me. Pardon me.

The CHAIRMAN. I think you may have been right the first time. Do you honestly believe that if you answered that question truthfully, whether you had been engaged in any lawful legitimate business enterprise with your father, Dave Beck, Sr., that a truthful answer to that question might tend to incriminate you?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question.

Mr. BECK. I refuse to answer on the same grounds.

The CHAIRMAN. You understand, do you, that these orders and directions the Chair has given you in each instance continue throughout the period that you remain on the witness chair?

(The witness conferred with his counsel.)

Mr. BECK. I refuse to answer on the same grounds.

The CHAIRMAN. Let me ask you, if you are going to take that position, do you understand the English language? Do you want the fifth amendment on that?

Mr. BECK. I understand the English language.

The CHAIRMAN. All right. The Chair asked you if you understood that these orders and directions the Chair is giving you on behalf of the committee and by direction of the committee, to answer these questions where I specifically give you the order and direction—do you

understand that those orders and directions continue to you during the time that you may remain on the witness stand?

Mr. BECK. Yes, sir.

The CHAIRMAN. All right. Proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Chairman, we have been interested in the Union Merchandizing Co., which was the company that sold the toy trucks to the International Brotherhood of Teamsters.

Now, Mr. Dave Beck, Jr., was associated with the Union Merchandizing Co. and I would like to ask you how you first came to be associated with that company, Mr. Beck.

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Do you know Mr. Nathan Shefferman?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Do you know Mr. Shefferman?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. While you were associated with the Union Merchandizing Co., the Union Merchandizing Co. sold some toy trucks to the Teamsters Union and various local unions throughout the country. Did you have anything to do with that?

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. Did you have anything to do with the sale of those toy trucks?

Mr. BECK. I refuse to answer on the same grounds.

The CHAIRMAN. Did you regard that transaction or that business venture as a legitimate lawful business venture?

Mr. BECK. I refuse to answer on the same ground, it may have a tendency to incriminate me.

The CHAIRMAN. The Chair orders and directs you to answer that question.

Mr. BECK. The fifth amendment.

The CHAIRMAN. Proceed.

Mr. KENNEDY. During the period of time that you were receiving salary and expenses from the International Brotherhood of Teamsters, you were also receiving some \$19,500.11 from the Union Merchandizing Co. for the sale of these toy trucks, is that correct?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you see at that time that there was any conflict of interest for you, Mr. Beck?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. That you, on one hand, were working for the International Brotherhood of Teamsters and on the other hand, you were working for a company making sales to the Teamsters?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you see anything wrong at that time, in that action?

Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Did you and your father discuss that this might be improper?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. During that same period of time, Mr. Norman Gessert, who is a relative of yours, received some \$51,000 and he was also working for the teamsters. Did either one of you see anything improper in that?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did your father set you and Mr. Gessert up in that business?

Mr. BECK. The same answer.

Mr. KENNEDY. During this period of time, when you were promoting the sale of the trucks, were you using teamsters funds or teamsters expenses paid to you by the teamsters for your own expenses to promote the sale of those trucks?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, we also have had some testimony regarding your connection with the K and L Distributing Co. Are you familiar with that company?

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. How did you happen to get into that company?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Did you have some discussions with your father before you went into that?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did your father put up the money for that company?

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. Now, there was some testimony by Mr. Levine when he testified before the committee, that you were made president of the company, on the threat of union trouble by your father. Is that correct?

Mr. BECK. The same answer.

Mr. KENNEDY. Could you tell the committee how you became president of the K and L Distributing Co.?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. You made a trip to St. Louis in order to get the distributorship from Anheuser-Busch. Could you tell the committee what conversations you had at that time?

Mr. BECK. I refuse to answer on the same ground.

Mr. KENNEDY. There were a number of other people, companies, that were bidding for the distributorship in the State of Washington. Could you tell the committee what conversations you and your father had in order to get that distributorship from Anheuser-Busch?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. At a later time you were also able to get the distributorship up at Alaska. Can you tell us how you got that?

Mr. BECK. I refuse to answer on the same ground.

Mr. KENNEDY. There was some testimony that you were able to get extra carloads of beer sent into the State of Washington.

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. During this period of time, when you were associated with K and L Distributing Co. you had a man by the name of Mr. Krieger working there. He was doing some work for you. Do you know Mr. Krieger?

Mr. BECK. I refuse to answer on the grounds it may have a tendency to incriminate me.

Mr. KENNEDY. At that time Mr. Krieger was being paid by the International Brotherhood of Teamsters. Were you familiar with that?

Mr. BECK. I refuse to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Did you feel that was proper, Mr. Beck, to have him working at the K and L Distributing Co. and at the same time being paid by the International Brotherhood of Teamsters?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Now, are you familiar with the company, Sunset Distributing Co.?

Mr. BECK. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Does your father have any connection with the Sunset Distributing Co.?

Mr. BECK. The same answer.

Mr. KENNEDY. Do you have any connection with the Sunset Distributing Co.?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Now, after the teamsters made the loan of \$1,500,000 to the Freuhauf Trailer Co., there were some favors asked for the Sunset Distributing Co. by your father. Are you familiar with that?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Did you put in a request to have some refrigerator trucks sent there so that you could store your beer?

Mr. BECK. I didn't hear the first part.

Mr. KENNEDY. Did you make some arrangements with the Freuhauf Trailer Co. to have some refrigerator trucks sent into Seattle so that the beer could be stored?

Mr. BECK. I refuse to answer on the ground that it may have a tendency to incriminate me.

Mr. KENNEDY. And did you make a request of Mr. Freuhauf to purchase a boat for you at a cut price and then have it sent from Detroit to Seattle free?

Mr. BECK. I refuse to answer on the same grounds.

Mr. KENNEDY. Now, I was wondering about your purchases from Mr. Shefferman. Did you make some purchases from Mr. Shefferman?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. According to the record that we have here you made some purchases and these purchases were paid out of union funds. I would like to ask you about that. For instance, did you buy a washing machine for \$65.50 that was paid for with union funds?



Mr. BECK. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. And a deep freezer for \$250.90 paid for out of union funds?

Mr. BECK. The same answer.

Mr. KENNEDY. And an automatic deluxe washer for \$142.82 paid for out of union funds?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. And 2 aluminum boats for \$196.50?

Mr. BECK. The same answer.

Mr. KENNEDY. And a vacuum cleaner for \$57? Did you get that from Mr. Shefferman, and it was paid for out of union funds?

Mr. BECK. I refuse to answer the question on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. How about camera equipment for \$590?

Mr. BECK. The same answer.

Mr. KENNEDY. And lenses for the camera for \$107.50?

Mr. BECK. The same answer.

Mr. KENNEDY. And a thing for a camera, \$2.31? Did you get anything for \$2.31 which was called a thing-a-ma-jig for the camera?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. A TV set for \$218.99, was that purchased for you by Mr. Shefferman with union funds?

Mr. BECK. The same answer.

The CHAIRMAN. Mr. Beck, do you regard these transactions, if they occurred, as the same thing as theft from the union?

Mr. BECK. I refuse to answer.

The CHAIRMAN. You do not want to comment on that? Is that what you think, that it might incriminate you, because you do think it is the same thing as theft?

(The witness conferred with his counsel.)

Mr. BECK. I think the answer to those questions would have a tendency to incriminate me.

The CHAIRMAN. Maybe you are right. Proceed.

Mr. KENNEDY. Mr. Chairman, I have here a folder of the bills and purchases for Mr. Dave Beck, Jr., all paid for out of union funds, and they exceed \$5,000.

The CHAIRMAN. We have established that by previous testimony?

Mr. KENNEDY. Yes; we have, Mr. Chairman.

The CHAIRMAN. If you have someone identify these, I will have them made an exhibit for reference in the record.

Mr. KENNEDY. I can identify them, Mr. Chairman.

The CHAIRMAN. They may be made exhibit No. 212 for reference only, so they will be a part of the official file. As I understand, these have all been sworn to?

Mr. KENNEDY. Mr. Shefferman has put these documents in and identified them.

The CHAIRMAN. Mr. Shefferman identified them? I just want them properly identified. They may be made exhibit No. 212 for reference.

(The documents referred to were marked "Exhibit No. 212" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. I wonder, would you feel that was a proper use of union funds, for these purchases for you out of union funds?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. Do you feel it is a proper use of union funds to buy you a television set?

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

Mr. KENNEDY. I was wondering what you felt the teamsters would feel about their union dues being used to buy you a washer or a camera.

Mr. BECK. I refuse to answer on the ground it may have a tendency to incriminate me.

(At this point, Senator McNamara withdrew from the hearing room.)

(Present at this point in the proceedings were Senators McClellan, Ives, and Ervin.)

The CHAIRMAN. The Chair will state in response to a subpoena served upon the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, that we have received from their official records a complete statement, or purportedly a complete statement, of the amount of money that Mr. Dave Beck, Jr., has received from the international union in salaries and expenses.

The two documents received under subpoena, the salary will be made exhibit No. 213 for reference and the expense records No. 214 for reference.

These documents were received under subpoena from the Teamsters International Union records.

The documents referred to were marked "Exhibits Nos. 213 and 214" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

The Chair again, before you leave the witness stand, orders and directs you to answer those questions which the Chair in the course of the interrogation of you ordered and directed you to answer.

Do you still refuse to answer those questions?

(The witness conferred with his counsel.)

Mr. BECK. Yes, sir.

The CHAIRMAN. Are there any other questions?

You may stand aside for the present. You will remain here subject to call until we hear the next witness.

Mr. Joe McEvoy, come around, please.

Mr. McEvoy, will you be sworn? You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. McEvoy. I do.

#### TESTIMONY OF JOSEPH McEVoy, ACCOMPANIED BY HIS COUNSEL, EDWARD L. CAREY

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. McEvoy. My name is Joseph McEvoy; I live at 26822 45th Street NE.

The CHAIRMAN. Do you have counsel present to represent you?

Mr. McEvoy. Senator, I do.

The CHAIRMAN. The same counsel that represented the preceding witness?

Mr. McEvoy. Yes, sir.

Mr. CAREY. Yes, Mr. Chairman. Edward L. Carey is my name.

The CHAIRMAN. The record will show the same counsel is representing the witness.

Now, Mr. McEvoy, the Chair had asked you what is your occupation, business or occupation, at present.

Mr. McEvoy. I refuse to answer on the ground the answer to such a question might tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to that question, the truthful answer might tend to incriminate you?

Mr. McEvoy. I refuse to answer that question because it might tend to incriminate me.

The CHAIRMAN. The question is, and I trust you understand it, and if you do not I will try to make it clear, do you honestly believe that if you gave a truthful answer to the question as to what is your present business or occupation, such truthful answer might tend to incriminate you?

Mr. McEvoy. I refuse to answer on the ground that the answer to such a question might tend to incriminate me.

The CHAIRMAN. You fully understand the question, do you?

Mr. McEvoy. Yes, sir.

The CHAIRMAN. Then by permission of the committee, the Chair orders and directs you to answer the question.

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

The CHAIRMAN. All right, Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. McEvoy, could you tell the committee what your connection with the International Brotherhood of Teamsters has been?

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Again the Chair asks you, do you honestly believe a truthful answer to that question might tend to incriminate you?

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Apparently, we are going to have a lot of this fifth amendment again, and the Chair wishes to announce to you now, as we proceed, that each time the Chair orders and directs you to answer the question, that order and directive will continue throughout your interrogation so long as you are on the witness stand.

Do you understand that?

Mr. McEvoy. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Have you been connected with the International Brotherhood of Teamsters?

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. In what capacity were you connected with them?

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Have you received any salary or expenses from the International Brotherhood of Teamsters?

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Were you doing any work for them?

Mr. McEvoy. I refuse to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. How did you happen to become connected with the teamsters?

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Our records, Mr. Chairman, show that in 1955, Mr. Joseph McEvoy received a salary paid by the International Brotherhood of Teamsters of \$7,200, and during that same period of time received in expenses \$7,660.80.

Is that correct, Mr. McEvoy?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. The Chair will ask you again: Do you honestly believe, will you state under oath that you honestly believe, that a truthful answer to that question might tend to incriminate you?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs the witness to answer the question.

(The witness conferred with his counsel.)

Mr. McEvoy. I refuse for the same reason.

The CHAIRMAN. All right.

Mr. KENNEDY. Would you tell the committee how you became connected with the International Brotherhood of Teamsters?

Mr. McEvoy. I refuse to answer on the grounds it might tend to incriminate me.

Mr. KENNEDY. What work did you do in order to get the salary of \$7,200?

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. What expenses did you have that the International Brotherhood of Teamsters should pay you \$7,660 in 1955?

Mr. McEvoy. I refuse to answer on the grounds it might tend to incriminate me.

Mr. KENNEDY. Did you submit any detailed vouchers for those expenses?

Mr. McEvoy. I refuse to answer on the grounds it might tend to incriminate me.

Mr. KENNEDY. In 1956, the salary was also \$7,200, and the expenses \$7,660.80.

Would you tell the committee what you did for that salary and those expenses in 1956?

Mr. McEVoy. I refuse to answer on the grounds it might tend to incriminate me.

Mr. KENNEDY. Did you do any work for the teamsters?

Mr. McEVoy. I refuse to answer on the grounds it might tend to incriminate me.

(At this point, Senator Ervin withdrew from the hearing room.)

The CHAIRMAN. Let me ask the witness this: You were just asked the question if you did any work for the teamsters, by the counsel. You invoked the fifth amendment, that it might tend to incriminate you if you answered. Do you honestly believe that if you answered that question truthfully that a truthful answer to that might tend to incriminate you?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. You are ordered and directed to answer the question.

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair gives you that order and directive again, to answer the question whether you honestly believe that a truthful answer would tend to incriminate you.

Mr. McEVoy. I refuse for the same reason, Senator.

Mr. KENNEDY. Did you do any work for the teamsters during 1955 and 1956?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. During that period of time, were you not driving a truck for the Sunset Distributing Co.?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. So, in fact, you were doing no work for the teamsters?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Did Mr. Dave Beck, Sr., put you on the payroll of the teamsters?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Did he want you to act as a bodyguard for his son, Dave Beck, Jr.?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Was that the reason that you were put on as an employee of the International Brotherhood of Teamsters?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. It is a fact that you never did any work for the teamsters; is that right, Mr. McEVoy?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. Just a moment.

Do you honestly believe that a truthful answer to that question might tend to incriminate you?

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. The Chair orders and directs you to answer this question: Do you honestly believe that a truthful answer to the question as to whether you did any work for the teamsters would tend to incriminate you? Do you honestly believe that?

(The witness conferred with his counsel.)

Mr. McEvoy. I refuse to answer on the same grounds.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question.

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee how you became associated with the Sunset Distributing Co.?

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. The Sunset Distributing Co. distributes beer in and around Seattle, does it not?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Do you have contracts with the teamsters, the Sunset Distributing Co.?

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Does Mr. Dave Beck, Sr., own the land on which the Sunset Distributing Co. is built?

Mr. McEvoy. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Does he have an interest in the Sunset Distributing Co.?

Mr. McEvoy. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Did he guarantee the note on which the Sunset Distributing Co.—the building—was purchased?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. I am wondering, also—we have had some testimony on the National Mortgage Co. Are you familiar with the National Mortgage Co.?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. You have a third interest in the National Mortgage Co.; is that right?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Where did the money come from that you put up for the National Mortgage Co.?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. You put up some \$35,291.66; is that correct?

Mr. McEvoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Where did you get the \$35,000?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Did that come from Mr. Dave Beck, Sr.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Were there conversations with Mr. Dave Beck, Sr., prior to the time that you obtained an interest in National Mortgage Co.?

Mr. McEVoy. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Since the National Mortgage Co. has been formed, there has been some \$9 million of teamsters' funds that have been channeled through the National Mortgage Co. Was there some kind of a guaranty of that prior to the time the National Mortgage Co. was formed?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. We have had testimony to that affect, and I was wondering if you could throw any light on it.

Mr. McEVoy. I refuse to answer that question on the grounds it might tend to incriminate me.

Mr. KENNEDY. After you put the \$35,000 up, did you take any interest in the National Mortgage Co. after that?

Mr. McEVoy. I refuse to answer that question on the grounds it might tend to incriminate me.

Mr. KENNEDY. What arrangements did you have with Mr. Dave Beck, Sr., regarding the \$35,000 that was put up?

Mr. McEVoy. I refuse to answer that question on the grounds it might tend to incriminate me.

Mr. KENNEDY. The National Mortgage Co. had some business contracts with the Linton Construction Co. Do you know anything about that?

Mr. McEVoy. I refuse to answer that question on the grounds it might tend to incriminate me.

Mr. KENNEDY. Does Mr. Dave Beck, Sr., have an interest, direct or indirect, in the Linton Construction Co.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. There was a company formed also called the Insurance Brokers, Inc. Could you tell us about the Insurance Brokers, Inc.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. You also have a third interest, I believe, or a fourth interest, in the Insurance Brokers, Inc.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Were there discussions with Dave Beck, Sr., regarding that company, also?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Was the insurance for the teamsters to be channeled through Insurance Brokers, Inc.? Were there conversations like that?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Would you tell the committee how you were able to obtain the insurance for the Pontiac cars for the Eastern Conference of Teamsters from Insurance Brokers, Inc.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Are you familiar with the arrangements between Mr. Donald Hedlund and Mr. Dave Beck, Sr., on Insurance Brokers, Inc.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Are you familiar with the arrangements in National Mortgage Co. between Mr. Donald Hedlund and Mr. Dave Beck, Sr.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. How about the investment company, are you familiar with that?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

(At this point, Senator Ervin entered the hearing room.)

(At this point, Senator Ives withdrew from the hearing room.)

Mr. KENNEDY. We have some information, and I am wondering if you can help us. When we were out in Seattle, we saw you at one time driving into the Sunset Distributing Co., and you were driving a station wagon. Would you tell the committee where you obtained that station wagon?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. And it was a Mercury station wagon, as I remember it.

Could you tell the committee anything about that?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. We checked on that Mercury station wagon. We found that it was registered in the Southern Conference of Teamsters. Could you tell the committee anything about that?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Why should you be driving a truck or a station wagon to the Sunset Distributing Co. and using it there, a station wagon that is registered in the Southern Conference of Teamsters?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Did you ever pay for that station wagon?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. The station wagon was purchased—it was a 1955. It was purchased back in 1955. How did you happen to obtain that station wagon?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. The checking that we have done was that—well, we found that there were instructions given, Mr. Chairman, by Mr. Dave



Beck, Sr., that the Southern Conference of Teamsters should purchase a station wagon up in Chicago.

Do you know why it was handled like that?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. And the station wagon ends up by being driven by you. Can you give us any explanation of that?

Mr. McEVoy. I refuse to answer that question on the grounds it might tend to incriminate me.

Mr. KENNEDY. There were two station wagons, actually, purchased. Mr. Al Irvine of Sunset Distributing Co. received another station wagon, are you familiar with that, in 1955?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. That was also purchased by the Southern Conference of Teamsters. There was a check for \$6,518.50 for those 2 station wagons. Are you familiar with that?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Shortly afterward, Mr. Irvine paid for his station wagon, but you have never paid for yours, Mr. McEvoy. Do you intend to pay for the station wagon?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Have you received any other moneys or gifts from the International Brotherhood of Teamsters other than your salary and expenses that I have listed here?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. I was wondering, you went to Canada recently. Why did you go to Canada?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. You and Dave Beck, Jr., and Norman Gessert, three witnesses that we were looking for, all ended up in Canada. Could you tell the committee anything about that trip?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Were you instructed by Dave Beck, Sr., to go to Canada?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Your expenses paid in Canada; were they paid by the teamsters?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. I am wondering if you think it is a proper use of union funds for your trip to have any of your expenses paid to Canada by the teamsters. Do you think that is a proper use of union funds, when you are trying to avoid subpoena by this committee?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. Do you think it is a proper use of union funds for the Southern Conference of Teamsters to use their teamsters funds to purchase a Mercury station wagon for you?

Mr. McEVoy. I refuse to answer the question on the grounds that it might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. What relation are you to Dave Beck, Sr.?

(The witness conferred with his counsel.)

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. What relation are you to Dave Beck, Jr.?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. What relation are you to Mrs. Dave Beck, Sr.?

(The witness conferred with his counsel.)

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question, "What relation are you to Dave Beck, Sr.," and "What relation are you to Dave Beck, Jr.," and "What relation are you to Mrs. Dave Beck, Sr.," do you honestly believe that the giving of a truthful answer to those questions might tend to incriminate you?

Mr. McEVoy. I refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. By permission of the committee, the Chair orders and directs you to answer those questions.

(The witness conferred with his counsel.)

Mr. McEVoy. I respectfully refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. You understood that you are refusing to answer, notwithstanding the orders and directions of the committee for you to answer? You understand that, do you?

Mr. McEVoy. Yes, Senator.

The CHAIRMAN. Is there any other question that I can ask you that you would answer?

You have answered that one.

Mr. McEVoy. I have no comment on that, Senator.

The CHAIRMAN. You have none.

Do you have any comment upon the suggestion that you might owe a duty and obligation to the million and a half teamster members in this country to give some explanation of the money that you have gotten from the teamster union?

(The witness conferred with his counsel.)

Mr. McEVoy. No, sir.

The CHAIRMAN. Sir?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. In other words, you honestly believe, do you, that if you gave truthful answers regarding your connections with, and the moneys you have received from the teamsters union organization, that a truthful answer might tend to incriminate you? Do you honestly believe that?

Mr. McEVoy. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. You are ordered and directed by the authority of the committee, and the permission of the committee, you are ordered and directed to answer the question whether you honestly believe that truthful answers might tend to incriminate you.

Mr. McEvoy. Senator, I respectfully refuse to answer that question on the grounds that it might tend to incriminate me.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. Mr. Chairman, we have here the documents which are on the Mercury station wagon.

The CHAIRMAN. I present you here certain documents, photostatic copies of documents, regarding a Mercury station wagon, about which you have been interrogated. I ask you to examine these documents and state whether or not you identify them.

(Documents handed to witness.)

(The witness conferred with his counsel.)

(At this point, Senator Mundt entered the hearing room.)

Mr. McEvoy. I refuse to answer that question on the grounds that the documents might have a tendency to incriminate me.

The CHAIRMAN. Those documents that have been exhibited to the witness on which he takes the fifth amendment, let them be made exhibit No. 215, for reference only.

(The documents referred to were marked "Exhibit 215," for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Mr. Chairman, the salary of Mr. McEvoy is contained in exhibit No. 213, and the expenses would be contained in this document which we have also received from the International Brotherhood of Teamsters.

The CHAIRMAN. Was this received under subpoena?

Mr. KENNEDY. Yes, Mr. Chairman.

The CHAIRMAN. It may be made exhibit No. 216, for reference,

(The document referred to was marked "Exhibit No. 216," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. The documents Mr. McEvoy just examined are the documents dealing with the present registry of the car. These documents that I have here deal with the purchase of the car and show that the moneys were taken from the Southern Conference of Teamsters.

The CHAIRMAN. Were these documents obtained under subpoena?

Mr. KENNEDY. Yes, they were, Mr. Chairman, from the company in Chicago who sold the car and from the Southern Conference of Teamsters.

The CHAIRMAN. These documents may be made exhibit No. 217, for reference.

(The documents referred to were marked "Exhibit No. 217," for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are there any other questions?

Are there any questions, Senators?

Senator MUNDT. I have no questions, Mr. Chairman.

Senator ERVIN. I have no questions.

The CHAIRMAN. The Chair addresses his remarks to both witnesses and to their counsel, who is present, to Mr. McEvoy, who is now on the stand, and to Mr. Dave Beck, Jr., who testified a few moments ago.

and to their counsel: You will remain under your present subpoena, subject to recall by the committee at any time it wishes to interrogate you further. You are not released from subpoena. You are only being excused temporarily until such time as the committee may desire to recall you. You are placed under that recognizance.

Do each of you acknowledge and recognize the order of the Chair?

Mr. McEvoy. Yes, Senator.

Mr. DAVE BECK, JR. Yes.

The CHAIRMAN. Let the record show that they both agree.

Does counsel agree?

Mr. CAREY. That is correct.

The CHAIRMAN. If there is nothing else, the Chair would like to make this observation: I think on the fifth amendment that our Founding Fathers, I think, in adopting it, had a noble purpose and a right purpose. I doubt if they ever conceived or could envision that the time would come when such flagrant abuse would be made of it as has been made during the course of these proceedings since this committee started public hearings, and particularly the demonstration of the abuse of it made here today.

The Chair has asked the witnesses, and other members of the committee and chief counsel have asked the witnesses, these questions, that apparently, and as I honestly believe, a truthful answer thereto could not possibly, in any way, come near, might, or otherwise, toward incriminating the witnesses.

I do not believe the fifth amendment was intended as a shield and as a protection for criminals. It was to protect the innocent.

I do not believe—and the Chair may be wrong, but I do not believe—that capricious use of the fifth amendment, when a witness says an answer might tend to incriminate him, I do not believe that he is entitled to invoke the fifth amendment unless he can also state on oath, and he is on oath when he testifies, without perjuring himself, that he honestly believes that if he answered the question truthfully the truthful answer might tend to incriminate him.

If that can be done, I think we have to try to find out in this country, for the safety of our society, for the protection of human rights and human dignity, I think we have to find out—and I know of no way to find out except to place this situation, this record, before a court to determine even if it has to go to the highest Court in the land.

Therefore, the Chair is going to order, with the permission of the other members of the committee, order and direct, the staff to immediately prepare contempt proceedings against these two witnesses.

If you are right in the position you have taken here today, and the courts finally sustain your position, then America faces a great danger. Law enforcement can break down all over this country in every process, every judicial process, every investigating process, every quasi-judicial process.

I think this is vital, this issue is vital, and it must be settled.

I regret to have taken that position, but this committee, in my judgment, would be derelict in its duty if it did not so recommend to the Senate, and the Senate would be derelict in its duty if it did not vote contempt proceedings against you. The committee, therefore, will proceed accordingly.

Senator MURDER. Mr. Chairman, speaking for the Republican side of this committee, I would like to associate myself completely and emphatically with what the chairman has just said in the committee room this morning, in the presence of these witnesses.

I am perfectly confident that the committee will vote the contempt citation that the Chair has recommended, and I am equally confident that the United States Senate will support this motion when it comes to the floor of the Senate.

I think the time is long past when we should have from the judiciary of the United States a clear-cut decision as to whether or not witnesses can come before our committee and utilize the fifth amendment in a completely irresponsible, frivolous, and capricious manner. There is not anybody in the committee room, there is not anybody listening to these proceedings on the radio, who would doubt the fact that some of the responses we have had from these witnesses and from other witnesses in utilizing the fifth amendment are efforts to deny information to the committee which, if provided, could not conceivably incriminate the witnesses utilizing the fifth amendment.

I am confident our constitutional forefathers never had that in mind. I am confident that the legislative branch of the Government and the people of America, if the courts rule that anybody can use the fifth amendment for any answer, without any basis in fact of incrimination, the people and the Congress have the power and the means, and can find the methods, for circumscribing that kind of frivolous use of the fifth amendment.

I say that despite the discouraging decision of the Supreme Court yesterday, when it gave a very severe setback to law and order and decency in this country by requiring that the law enforcement officials of the Federal Government disclose their secret files, their means of operation, and their methods of procedure, in dealing with Communists, subversives, espionage agents, and other criminals.

Obviously, if we are going to continue to make easy the path of the wrongdoer, and to make impossible the procedures of law-enforcement officials, Congress must step in and initiate the action which may have to ultimately be supported by the country as a whole through some kind of constitutional amendment.

I am confident that a country as strong as ours is not to be denied the capacity and the procedures and the powers required for its own self-interest and for its own security.

When you set up barriers of all kinds of legal technicalities, and Supreme Court decisions, which play into the hands of kidnapers and conspirators, play into the hands of bank robbers, counterfeiters, Communists, and espionage agents, I think the time is here when Congress has to act affirmatively to protect America against that kind of interpretation of the law, and that kind of use of the fifth amendment.

The CHAIRMAN. Thank you very much, Senator.

Senator Ervin?

Senator ERVIN. Mr. Chairman, I agree thoroughly with the Chair's views that before one is entitled to invoke the protection of the fifth amendment he must be willing to state upon oath that a truthful answer to the question put to him will tend to incriminate him. If the fifth amendment did not have a lot of vitality, it would have been worn out by this procedure.

We have a situation where a man comes in and invokes the fifth amendment when he is asked if he is acquainted with his own father. I happen to know Dave Beck's father from having sat here at the table and watched him, and I think I could say now that I know Dave Beck and that the mere fact that I knew him would not tend to incriminate me in any way, in any respect.

I certainly, for one, think that this procedure is making a travesty of the fifth amendment, and I would vote, as a member of the committee, to recommend to the Senate that proceedings be instituted against these parties for contempt of the Senate. I see no other course to pursue in this committee.

The CHAIRMAN. If there is nothing further, the witnesses will remain under recognizance to reappear upon reasonable notice being given to them.

If there is nothing further, the committee will stand in recess until 10 o'clock Thursday morning.

(Whereupon, at 11:26 a. m., the committee recessed, to reconvene at 10 a. m., Thursday, June 6, 1957.)

(Members present at the taking of the recess: Senators McClellan, Ervin, and Mundt.)

# APPENDIX

## EXHIBIT No. 136

12/10/1917

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2 All right. Mr. Lapan.

Yes.

2. What is the purpose of the study?

One wanted to know if I thought he would meet him, and he told me he would help him in any way that I could help him to give me his money. I told him that I would do it, and if I had given a different answer, I would have been in trouble.

DATE \_\_\_\_\_ TIME \_\_\_\_\_

What is the purpose of the study?

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... ..

the general public, and the labor field.

In the labor field, the following are the main points:

1. The labor field is a very important part of the economy.

2. The labor field is a very important part of the social structure.

3. The labor field is a very important part of the political system.

4. The labor field is a very important part of the cultural life.

5. The labor field is a very important part of the environment.

6. The labor field is a very important part of the health care system.

7. The labor field is a very important part of the education system.

8. The labor field is a very important part of the justice system.

9. The labor field is a very important part of the transportation system.

10. The labor field is a very important part of the energy system.

11. The labor field is a very important part of the information system.

12. The labor field is a very important part of the communication system.

13. The labor field is a very important part of the entertainment system.

14. The labor field is a very important part of the sports system.

15. The labor field is a very important part of the arts system.

16. The labor field is a very important part of the science system.

17. The labor field is a very important part of the technology system.

18. The labor field is a very important part of the media system.

19. The labor field is a very important part of the advertising system.

20. The labor field is a very important part of the marketing system.

21. The labor field is a very important part of the distribution system.

22. The labor field is a very important part of the retail system.



## EXHIBIT No. 138C

A. L. Suggett - Route

June 22, 1941

J. J. Carroll

K. L. Leverage Company

Warren Gibson wrote "Charlie Konifig, under date of June 11, asking for a "thumbnail sketch of the K. L. Leverage Company in Seattle".

Here are the facts --

- No. 1 - We believe that the K. L. Leverage Company can do a very good job for us in any territory they decide to organize, i. e. put in a branch warehouse, trucks, resident manager, etc.
- No. 2 - Frankly we believe that we have already given them sufficient territory -- you are familiar with their present territorial lines. If you do not have a record of their present territory, you can get it from Jensen.
- No. 3 - We would like to remain on as friendly terms as possible with Dave Beck, his son and Irving Levine -- and I think you can make it clear to them, in a very diplomatic way, that we have already given them more territory than we have given to any distributor throughout the United States -- that we incur a certain amount of ill will from resident wholesalers -- for instance in Spokane -- when we permit a wholesale merchant from Seattle to go into Spokane and act as our distributor. Quite logically the local wholesalers, who are outstanding citizens in their own community, resent outsiders coming in and "taking all the profits and the cream".
- No. 4 - In other words, I would like to hold the Leverage Company to the territory that we have and not extend it, but I will make an exception if you, after talking to the people, feel we should extend the territory. Therefore, it is essential for you personally to handle this matter directly with Dave Beck and Irving Levine, and reach a friendly but firm conclusion that is to our mutual interest.

-2-

Let Bill hear from you with the final results -- and be sure to send Charlie a cutout map which clearly but unmistakably shows the territory which you have finally allotted to this organization.

J. J. Carroll

P.S. In case you do not have your files with you, Charlie thought you might like to glance over his letter of April 20 and Mr. Levine's letter of April 19 -- copies attached.



## EXHIBIT No. 138D

ANHEUSER-BUSCH, INC.  
INTER-OFFICE CORRESPONDENCE  
RELATIVE TO THE ABOVE SUBJECT

ADM. 11-A FORM 5-43

To : \_\_\_\_\_  
FROM : \_\_\_\_\_

DATE : \_\_\_\_\_  
SUBJECT : \_\_\_\_\_

MEMORANDUM

our it is a good thing since we did not all, but we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

It is a good thing since we did not all, but we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

It is a good thing since we did not all, but we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

to the fact that we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

It is a good thing since we did not all, but we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

It is a good thing since we did not all, but we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

It is a good thing since we did not all, but we have not yet had a pretty full view of the situation. It is not too late to know they are plenty.

Regards,

J. J. [Name]

ON ALL REPLIES BE CAREFUL TO REPLY TO THE SAME DEPARTMENT FOR WHICH REPLY IS INTENDED



ANHEUSER-BUSCH, INC.  
INTER-OFFICE CORRESPONDENCE  
(LIMIT THIS LETTER TO ONE SUBJECT)

St. Louis, Mo.  
TOWN

Mo.  
TERRITORY

TO Mr. John Flanigan

DATE 12/ /50

FROM

SUBJECT

-- Page 2 --

coming the southern route which takes an additional three to four days to get here.

I thought you would be interested in receiving the above information.

Kindest regards.

*Jay*  
J. J. Alden

cc: Mr. H. J. Thomas

## EXHIBIT No. 138F

ALING-37 1005 12-49

**ANHEUSER-BUSCH, INC.**  
**INTER-OFFICE CORRESPONDENCE**  
 (LIMIT THIS LETTER TO ONE SUBJECT)

Everett, Washington  
 TOWN

8  
 TERRITORY

*H. Seattle*

To Mr. John Flanigan

DATE October 11, 1950

FROM Jay A. Maidout

SUBJECT K &amp; L Beverage Co. Operations

The following is to keep you advised of the developments in Seattle and Tacoma, Washington. You will recall that when we talked to Mr. Levine and Mr. Dewey Busch regarding the disposing of various K & L branches that a value of \$1,000. was placed on the Tacoma operation. Mr. Busch advised me the evening of October 10 that some time during the latter part of September a bona fide offer of \$10,000. plus inventory was submitted by himself and a man he was considering taking in as a partner. The offer contained a 10-dry option. As of this date, Mr. Busch has not heard from K & L with regard to this offer. Mr. Levine advised me that Mr. Dewey Busch, Jr. refused to accept \$10,000. for the sale of the Tacoma branch.

On Sunday, October 8, Mr. Dewey Busch visited Mr. Dave Beck, Jr. at the latter's home to discuss the possibility of Mr. Busch buying the Tacoma operation. At that meeting, Mr. Beck advised Mr. Busch if anybody bought the Tacoma branch it would be Mr. Beck himself and that he definitely didn't want to sell the operation in Tacoma. He apparently, however, made the statement that he would buy the operation for \$10,000. or sell it for \$50,000. Mr. Beck is now very interested in financing Mr. Busch in the purchase of this operation.

The financing end of it appears to be as follows: The purchase price is to be \$10,000 plus inventory. Mr. Beck is to put up one half of the total sum in cash and co-sign with Mr. Busch at the bank for the other half. A contract is to be drawn up between Mr. Beck and Mr. Busch covering a 5 year period, in which Mr. Busch is to be the operator and in effect the distributor. The co-signed note is to be paid from the net profits of the business. After this note is paid up, Mr. Busch is then to have the privilege of buying Mr. Beck's interest.

This sounds to me like Mr. Beck is bound and determined that he is not going to sell the Tacoma operation to anybody but himself.

As of October 1st, Mr. Irving Levine successfully removed Mr. Beck's bank guarantee from the over-all operation and is now in a position to sell Tacoma without consulting with Mr. Beck or to refuse to accept any proposition submitted, without having to get the approval of anyone. It would be very easy to have Mr. Levine refuse to sell to Mr. Beck and Mr. Busch, but he would have to commit himself as to the reason why he wouldn't sell to them. That would, in all probability, mean that Mr. Levine would have to tell Mr. Beck that he was not acceptable to us as a distributor in Tacoma. The question is, after considering all the ramifications involved, would we want Mr. Beck to know that he was not acceptable to us, even on the plan that is outlined above.

Another possibility is open to us. Mr. Busch feels that he can get a state wholesaler's license for himself without having to buy K & L.

ON ALL REPLIES BE CAREFUL TO CHECK (V) NAME OR DEPARTMENT FOR WHOM REPLY IS INTENDED

ADM-33 (10-6) 12-40

**ANHEUSER-BUSCH, INC.**  
**INTER-OFFICE CORRESPONDENCE**  
 (LIMIT THIS LETTER TO ONE SUBJECT)

TOWN

TERRITORY

-- Page 2 --

TO Mr. John Flanigan

DATE 10/11/50

FROM

SUBJECT K &amp; L Operations

He has reason to believe the Washington State Liquor Control Board will reopen a dormant license under his name. Mr. Busch presented this possibility but deems it highly inadvisable for obvious reasons.

Mr. Stew Kreiger, who has been the K & L comptroller for the past several months, was employed by the Teamsters' Union and drew his salary from that organization. When Mr. Levine had Mr. Beck's bank guarantee removed, the bank insisted that somebody of Mr. Kreiger's caliber be retained as a comptroller of the operation and requested that Mr. Kreiger accept the position. They asked Mr. Kreiger point blank if he would resign from the Union and accept this position. Mr. Kreiger said yes and he has resigned from the Union. The present plan is that he will work for K & L in the capacity of comptroller to satisfy the desires of the bank.

When Mr. Beck, Jr. was advised of this arrangement, he became terribly angry and insisted that Mr. Kreiger was not going to leave the payroll of the Teamsters' Union. Mr. Kreiger told me personally that he had resigned and under no circumstances would he return to the employ of Mr. Beck. He would work for Mr. Levine and K & L but would resign that position also before returning to the Union as a Union official.

Today, Mr. Beck supposedly advised Mr. Levine that he also wanted Budweiser for himself in the territory of Alaska. Alas, of course, is a very lucrative territory and Mr. Levine definitely is not going to relinquish it without an all-out fight.

In summarizing the above, it appears that Mr. Beck and Mr. Levine have not as yet settled their difficulties and it will be some time before the operation in Seattle, Tacoma and Alaska will be operating smoothly. Although all of my information comes from either Mr. Levine or Mr. Kreiger, I feel that Mr. Beck is not going to sell Tacoma without a fight and is not going to quietly let Mr. Levine operate as he sees fit in Seattle and Alaska.

Mr. Levine's last words to me today were that he might offer Mr. Beck a flat over ride per case to get him out of the operation.

Kindest regards.

*Jay*  
 Joe B. Rideout

cc: Mr. H. B. Thomas

F. S. -- Just talked to Mr. Levine by phone. He advised that he and Mr. Beck were at a disagreement as to shipping Budweiser to Alaska and that he (Mr. Levine) thought it advisable to start shipping Budweiser to Alaska under the license controlled by him personally rather than the joint

ON ALL REPLIES BE CAREFUL TO CHECK (X) NAME OR DEPARTMENT FOR WHOM REPLY IS INTENDED

KREIGER

LEVIN

ADM-55 (Rev. 12-49)

**ANHEUSER-BUSCH, INC.**  
**INTER-OFFICE CORRESPONDENCE**  
 (LIMIT THIS LETTER TO ONE SUBJECT)

TOWN

48  
TERRITORY

-- Page 3 --

To Mr. John Flanigan

DATE 10/11/50

FROM

SUBJECT K &amp; L Operations

... (continued)

license. I definitely advised as inst this and told Mr. Levine that  
 inasmuch as he was now the controlling power in K & L, that he should  
 not could continue to ship Budweiser through the normal channels and  
 not to disrupt our market position there.

J.R.R.

M  
E  
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S  
A  
G  
ER  
E  
P  
L  
Y

ON ALL REPLIES BE CAREFUL TO CHECK (X) NAME OR DEPARTMENT FOR WHOM REPLY IS INTENDED

EXHIBIT No. 138G

OLYMPIC



HOTEL

DOWNS A. GUSTAFSON

Vice-President and General Manager

K &amp; L - Rock

floor Seattle

JF 11/12

1. Got word from Canell - can sell
2. Got - Clarke from Anderson
3. Took leave from work to see  
Rock had some business to see
4. Considers the fact that he received  
franchise"
5. Expresses intention of getting out of  
his business but would not want to get  
up with him
6. Wanted assurance that he would not be  
out in case of a flat — was told he could  
not give that assurance as it would depend on  
circumstances at the time.
7. Will try Tacoma for a while & if not  
Bursch is an interesting man & 1/2 owner with a  
chance to try that 1/2 of the property.
8. Expressed a willingness to set up a  
entirely new organization for Rock in the  
+ Seattle as well as Tacoma.



# OLYMPIC HOTEL

THOMAS A. GOLDBERG

Vice President and General Manager

SEATTLE 11, Washington

9. Was opposed to splitting Alaska & Seattle

10. Says he wants the Ford business so that he will have something to do when he retires.

11. Impressed on him that it was unhealthy for us to be associated with someone <sup>in 6 yrs</sup> whom we did not feel we could take the acc't. He gave me no indication that he was the type we could get it away from if we felt he was not doing a satisfactory job and made any such remark that he was.

12. If we make any such overture I feel sure that he will say that such a move is unnecessary and that he will be only too happy to resign at any expense to ~~and~~ do the job in both Seattle & Alaska.



file  
K+L - Beck  
Seattle

was on track - Top Line

16 Dec Sept

"First of orders without the Truck app'd"

Poor ordering (should order 17 car/jan)

Out of efforts about more

had 877 on hand - sold 7/12 " 3rd  
car should sell about 10/12

Sept 1 had 11 cars/loads on track - cars  
dating from 7/1 - 7/12

Get off bus to Alaska - Jay happened to be  
territory - Kruger & Lamm wanted it shipped &  
sold west boat to them, but Dave Jr. didn't  
want it to go for a bit longer - wait

Thomas held sub. meeting - Mark and Richardson  
didn't show up - Apr 1950

Right after above meeting - didn't show up for  
salesmen meeting & just showed up at sales  
meeting with Dave & walked out

No cooperation & no interest accorded me  
for these reasons

Orders to warehouse man

no cooperation  
interest from J

stopped deliveries to Everett before we got  
a distributor —

looked at the territory on some routes  
still was F. & T. and others

Forcing prices on outlets

Stopped selling export to Reno - Sept 2

Stock rotation poor in July

Financing of operation has been a problem —

Ever had to where 3 men to fill orders

Thurman - Wood route - Gladstone Hotel  
Casper Wyo

Rideout - Twin Franklin Hotel  
Seattle

Bellingham Hotel  
Bellingham



## EXHIBIT No. 1381

AL354-13 100AM 12-4-50

ANHEUSER-BUSCH, INC.  
 INTER-OFFICE CORRESPONDENCE  
 (LIMIT THIS LETTER TO ONE SUBJECT)

Portland, Oregon  
 TOWN

North Pacific  
 TERRITORY

TO Mr. John Flanigan  
 FROM Holland B. Thomas

DATE November 20, 1950

SUBJECT Seattle, Washington Territory

On Tuesday morning, November 14, 1950, Jay Rideout and myself kicked off the \$25 War Bond and 25¢ per case incentive with the salesmen of K & L Beverage Company, Inc. in Seattle. We could not include the drivers in this plan as the union will not permit any type of an incentive. The salesmen were very much pleased with the prospects of the additional money and we used last year's sales of the corresponding month as a base which they must equal and exceed to collect. Of course we understand that this figure covered a lot more territory last year but the figure can easily be passed in their present territory if they will work.

The direct shipment to Bremerton Naval Base certainly did bring this organization to life, and they adjusted their military prices and for the first time are really concentrating on the military outlets and getting the business. Mr. Levine said he did not think that I would sell direct but that he was firmly convinced now that I meant just exactly what I said when I told him to get the business or we would and that they certainly were going to hold the military business in the Seattle territory. He also referred to Anchorage shipments which are being made direct. If this direct shipment did not do anything else it certainly did do us a world of good in the K & L operations, and I can assure you they will be working and watching things in the future.

We sent in all of the orders we could get as they are ordering very cautiously and their inventory is very low, but in the same breath their money is also very low and they are working to increase the cash capital so that the cars can be picked up immediately on arrival. Incidentally, when Roy Lamphere wired the other day three of the four cars had been picked up and the fourth car was picked up just before the wire was received so they did not have any cars laying in the yard when we left Seattle, and their stock - what there was of it - was all current and in very good condition and they promised to send in more orders Friday, November 17th. Jay is riding them very hard to get their inventory increased so they will have ample stocks to do business with, and by transferring Budweiser from all of the surrounding territory with K & L paying the freight charges, we have the inventories in the entire state of Washington very well balanced and have been able to fill their orders. Jay Rideout will continue to follow through until we can, if possible, get this operation on a balanced basis.

Leve Beck, Jr. has not been bothering or around causing trouble lately, however Senior is still riding Irving Levine quite hard even though Levine is running the business. The feeling here is altogether different and it may be possible to make the wholesaler out of Levine that we would like to

ON ALL REPLIES BE CAREFUL TO CHECK (V) NAME OR DEPARTMENT FOR WHOM REPLY IS INTENDED

ANHEUSER-BUSCH, INC.  
INTER-OFFICE CORRESPONDENCE

Page #1

Portland, Oregon

North Pacific

Mr. John Flanigan

November 20, 1950

Holland B. Thomas

Seattle, Washington Territory

to have so that we will be able to get results measured by Budweiser sales in the Seattle Territory. If it is ever possible to accomplish this, I certainly will be a firm believer in miracles and feel certain that your thoughts coincide with mine but can assure you that we will continue to do the best we possibly can with what we have to work with for Budweiser and Anheuser-Busch.

The carload of quarts they just ordered will practically all go to Fort Lawton as the volume there has picked up tremendously since they are concentrating on the account, also the Commanding Officer has restricted the men to two bottles per night so the men all order quarts.

Incidentally the Captain Reeves, of the Red Cross, that I mentioned to you on the telephone stated that at least 18,000 men were scheduled to be processed at this camp by January 1, 1951. This will also help our sales in this market providing, of course, we maintain our present position on the base, and I feel certain that they are going to do that and will see to it that their price charged will be satisfactory as postings for military outlets are not required by the State of Washington.

They are also apparently trying to cooperate with our wishes on Alaska and sent in a big order to Buckart which is to be shipped immediately and also ordered Christmas wrappers to be shipped immediately to Alaska.

The sales both in Seattle and Alaska have been very good so far this month and have every reason to believe they will continue throughout the month.

It is rather difficult to give you all the details in this report, but as I have discussed a number of them with you over the telephone think that I have been able to cover the ones not discussed in this letter. However, if something develops you can rest assured that either Jay or myself will advise you immediately.

Trust this report will meet with your approval.

Kindest personal regards.

Holland B. Thomas

HBT:ghe

CC: Mr. Jay R. Rideout

## EXHIBIT No. 138L

CC: Mr. Hollan, W. Thomas, Div. M.  
Jay R. Ideout, D. M.  
John Flanigan, R. S. M.  
J. E. Ritter  
M. Linchty

March 4, 1952

AIR MAIL\*\*\*

F & I Beverage Co.,  
4660 E. Marginal Way  
Seattle 4, Wash.

Gentlemen:

Mr. Irving Levine

Some of your remittances are not being received in accordance with our terms providing for payment of our invoices net ten days from date of rendition.

For example, remittance was received on February 28 covering January 30 and one of January 31 invoices.

On March 3 we received your remittance covering the remaining January 31 and February 4 invoices.

February 8, 13, 18, and 21 invoices are now past due. If you have not already done so, please remit these items and, in the future, forward all remittances net ten days from date. This was our understanding at the time we agreed to extend you an open line of credit.

Unless your remittances are made in accordance with our terms, we shall have no other alternative than to ship your cars on Demand Draft - Bill of Lading attached basis as previously done.

Kind regards.

Yours very truly,

ANHEUSER-BUSCH, INC.

RL:TS\*

Roy Lumphreys  
Credit Department

EXHIBIT No. 138M

DM-25 (Rev. 4-5)

ANHEUSER-BUSCH IN  
INTER-OFFICE CORRESPONDENCE

MEMORANDUM FOR THE DIRECTOR

TOWN

TO : Mr. [illegible]  
FROM : Mr. [illegible]

SUBJECT: [illegible]  
TO : [illegible]

1. [illegible]  
2. [illegible]  
3. [illegible]

4. [illegible]  
5. [illegible]  
6. [illegible]

7. [illegible]  
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35. [illegible]  
36. [illegible]

37. [illegible]  
38. [illegible]

39. [illegible]  
40. [illegible]

ANHEUSER-BUSCH, INC  
INTER-OFFICE CORRESPONDENCE  
M. T. 114 (10-10-66) (SUBJECT)

1997

<sup>a</sup>U.S. dollars; <sup>b</sup>millions.

DATE 11-2-54

1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 26

Subject: \_\_\_\_\_ Date: \_\_\_\_\_ Page: 3

1. The fact that the above information was obtained from the source of the information is not sufficient to establish that the information is reliable. The fact that the information was obtained from a source who is known to be reliable is not sufficient to establish that the information is reliable. The fact that the information was obtained from a source who is known to be reliable is not sufficient to establish that the information is reliable.

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...at

1. The first group of people who are not allowed to enter the country are those who are on the list of persons who are not allowed to enter the country. This list is maintained by the Ministry of the Interior and is updated regularly. The list includes the names of persons who are on the list of persons who are not allowed to enter the country, the names of persons who are on the list of persons who are not allowed to enter the country, and the names of persons who are on the list of persons who are not allowed to enter the country.

NAME OR DEPARTMENT FOR WHOM REPLY IS INTENDED



## EXHIBIT No. 139

Mr. E. Kalbfleisch

Memorandum: Acquisition of [redacted] [redacted], [redacted]  
[redacted], [redacted]

Acquisition of the assets and assumption of the liabilities of this distributor - per August 31st balance sheet and elimination of \$807 due from officers - would result in a payment of \$1,500 over and above the book value of the assets excluding balance sheet goodwill. Our excess payment could be traced to the following:

balance sheet goodwill 10,000

Due from officers

Deficit in ex. as of capital  
stock

22. 25

Goodwill has been defined as the capitalized value of profits in excess of normal. If this definition is accepted, in view of the doubt, certainly no goodwill could be ascribed to our purchase. As the point out, we would not want to capitalize anything for goodwill in our case.

It would, therefore, appear advisable to do the full win:

1. Revalue tangible assets at highest reproduction values for allocating the purchase price.
2. Allocate some portion of payment toward consumer services, if any, rendered by seller who report it to labor matters. However, since this would be ordinary income to him, he may consider this undesirable.
3. Assign balance of payment to contract leasehold which, as I understand it, runs for 99 years with a five year renewal option.

I believe a course similar to this was followed in the case of the leasehold of our Cincinnati branch properties. In fact in 1934, 1935, 1936 and 1937

Since beer licenses are at a nominal amount, and are, in fact, renewable annually and transferable, there could not seem to be anything in the way of assigning additional value to these. Therefore, the base question is whether any such amount could be expensed and, if capital gain, whether such gain would be allowable.

Incidentally, was L. ton...  
3/10 of 1' on res ...

EXHIBIT No. 142

## MICHIGAN MORTGAGE CORPORATION

2442 NATIONAL BANK BUILDING

DETROIT

BENJAMIN LEVINSON, PRES

October 22, 1953

WORMANS 5 8

Mr. Fred P. Loomis  
1038 Henry Building  
Seattle 1, Washington

Dear Mr. Loomis:

If I sounded incoherent over the telephone today, it was only because I was so emotionally upset when I heard you had completed the purchase here of over two million dollars worth of government insured mortgages.

Surely you had no obligation to do business with me, but I do think I was entitled to the courtesy of an opportunity to bid on these loans that you were interested in, or the plain decency of a refusal.

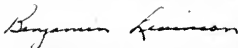
I adhered meticulously to all your requests over the long distance telephone and in our correspondence.

When you were in Detroit you made no effort to see me whatsoever. This is absolutely beyond my comprehension.

It is difficult for me to accept this situation as a closed incident. I don't think you were fair to your principals or to myself in the way this deal was handled, and because I am so stunned by this incident, I feel I am entitled to some sort of explanation.

Very truly yours,

MICHIGAN MORTGAGE CORPORATION

Benjamin Levinson, President

BL:ja

c.c. Dave Beck, General President, Teamsters General Executive Board  
James R. Hoffa, Vice President, Teamsters General Executive Board

## EXHIBIT No. 142A

October 22, 1953

Mr. Dave Beck, General President  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and Helpers  
52 Denny Way  
Seattle, Washington

Dear Mr. Beck:

I learned today, much to my amusement, that your Mr. Fred P. Loomis had completed a transaction for over two million dollars worth of government insured mortgages in the Detroit area.

I have been actively engaged in business for close to thirty years. I have always made it my first principle to keep my word, my promise, and my commitment. Our mutual friend Mr. James Ruffa, whom I have been closely associated with for almost ten years, will vouch for my integrity and loyalty to the Teamsters groups. I also refer you to my dear friend John Gottlieb in Chicago. Only last week when I visited with him in Chicago, we were planning a visit with you at your offices in Washington or Seattle.

Because I was the only banker in the Detroit area who championed the cause of all labor organizations, I was inconvenienced and discomforted on many occasions by others in the mortgage banking fraternity.

When I had the pleasure of meeting with you with my associate Matt Connelly at your offices in Washington, you told me that there was a possibility that the Teamsters might invest approximately two million dollars in the Detroit area in government insured mortgages. You further informed me to communicate with Mr. Fred P. Loomis, your investment counselor, and to try to arrange an appointment with him.

I was most grateful and thankful to you, Mr. Beck, for receiving me in Washington and for permitting me the opportunity to get acquainted with Mr. Loomis and to explain my mission to him.

I sent Mr. Loomis typical mortgage submissions and several letters of explanation. I also spoke with him on three different occasions on the long distance telephone. It was his suggestion, after hearing me out, that I wait until I heard from him. No

This morning I heard that Mr. Loomis, as stated at the commencement of this letter, has completed a sale, completely ignoring me, without being decent enough to give me an opportunity to bid or to refuse the possibility of doing business with your great organization.

I have never had such an experience. I have had many

D. Beck

Page 2

October 22, 1953

disappointments, but never anything like this which was absolutely uncalled for and unnecessary.

I was entitled, Mr. Beck, to the common courtesy of an inquiry from your Mr. Loomis. Is the compensation for identifying ones self with your organisation to be ignored? I am proud and enthusiastic of my many years of close, intimate relationship with Jimmy Hoffa and Hart Brennan.

I have sold their various locals and the Michigan Teamsters Welfare Fund a modest amount of mortgages. I have been pioneering in this field of pension funds and welfare funds being invested in government insured mortgages. The completion of a sale to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, would have meant a great deal to me personally and to my own company, but over and above this it would have helped a great deal in my general mission of making home ownership available to the American working man.

I am most anxious to know why I was so ignored. I am sorry if I sound rather emotional in this letter, but I feel quite bad about it and would greatly appreciate hearing from you regarding the thinking of Mr. Loomis after I had extended myself and believed him so sincerely.

Respectfully yours,

MICHIGAN MORTGAGE CORPORATION

Benjamin Levinson, President

EL:ja

c.c. James R. Hoffa

Fred P. Loomis

NOTE: This identical letter was sent to your office in Seattle, Washington, and Washington, D.C.

## EXHIBIT No. 143

December 3, 1933

MEMORANDUM TO MR. BARK

Dear Dave:

I have thought quite a lot about the matters which came up for discussion at our lunch at the Olympic Hotel this week on Monday at which Ed and Sam were also present.

We are launching a program for the purchase of mortgages and the first step is to buy \$1,500,000 of Veterans' Mortgages in 8 96, secured by perhaps up to three years or so, and price to yield us 4.37% on an estimated life of ten years. These mortgages to come to us through FHM on a pick and choose basis, and I understand Dan has already checked some \$500,000 total.

A million and a half dollars is a lot of money but if, as you indicate, our longer-term program is to perhaps run this total up to \$10,000,000, then it is exceedingly important that we be on the right track in every respect.

There is one phase of this matter that disturbs me, and that is Dan's determined bias against buying mortgages in the open market at a discount. If I am being fair to him in this prejudice, then it can cost international some lost opportunities for obtaining better yields without any sacrifice of quality.

Now I know that there a lot of bum mortgages being offered at a discount, and we have looked at some of them as long as six or eight months ago. I am equally sure that there are some good ones if we are willing to examine the situation with an open mind and determination to invest our money on a quality basis at the best rate obtainable.

I have not surveyed in detail the present situation in Seattle, but I called the President of one lending institution this morning, and he told me that while patterns is not very fixed and definite now 4 1/2s are available at 97 to 98, depending upon such quality factors as the amount of down-payment, with the market generally strengthening. 4s are going at 93 to 94 and they have sold as low as 91 or 92.

From where I sit, it is not the details of this market locally at this particular moment which disturbs me but rather the fact that Dan has a closed mind to their consideration. In both principle and practice I feel that we should buy in the best market available to us, price and quality considered as well as other factors pertinent to our needs.

I think it is pertinent to point out that after I returned from Detroit and recommended the purchase of the Detroit mortgages to the extent of \$1,500,000, all of the same objections and allegations were made against

Memorandum to the Staff  
 Page 2  
 November 11, 1935

There are two very serious questions involved in Seattle, and the whole thing has to be handled with the utmost care. Careful consideration should be given to the following points:

The second question which I want to point out to do with the "Certificate" which will have to be issued by the National Mortgage Company after it purchases the stock of the company. As the NMC would at least that when I questioned him on the value of this certificate, he indicated that possibly it had a value of \$100,000 and this value would be one of the first that the "Certificate" would have to pay. At a later date a large amount of mortgages at 10% and the National Mortgage Company's stock would go to the certificate holder, which is the interest in the NMC. For on this certificate is just as much interest. For it puts a premium on having the stock and interest a pretty good thing in the open-market market. If it is a fact that this certificate is issued to our detriment, and we are furnishing the grip for the NMC, why should not the International then have all or part of this premium?

The head of the NMC also indicated that what he was really aiming at in his new mortgage company was to build up the servicing volume and other values behind the stock of the mortgage company and then "in a few years will cut for a capital gain". This is a perfectly laudable aim and the only thing I ask is that neither the International takes possible these gains that it has done on a strictly equitable basis. I am not satisfied that the present setup ensures this.

This brings me to my last point and that refers to the ownership of the stock in the NMC. For a trustee of the International to own stock in a mortgage company through which some of the International funds are going to pass seems to me to be a strict violation of the fundamental principles of the fiduciary relationship existing. It was not just clear to me where the remaining one-third of NMC stock lay, but I rather assume from what was said that you have taken one-third of this stock for yourself. Now, if this is so, then I think it is wrong, very unfair, exceedingly poor public relations, and something which you will regret.

A possible solution to the last-mentioned objection which I am raising would be for the International itself to own this stock, even though there are no legal precedents for such a move.

Another thing I want to say, Dave, is that while I have found myself differing with Ben, I want you to know that I like him, respect him, and enjoy working with him, and I have admired very much the highly professional and thorough manner which he has handled the Detroit Mortgage, and I assure you he and I can work together and in harmony as long as I am satisfied that my full duty to the International is being discharged.

Sincerely yours,

FPL:la

## EXHIBIT No. 144

Estimated Total

Estimated Total

Contractor's Bid -

\$5,577,781.00

Square Footage -

Main Building

15,000

Wing Building

10,000

250,000 sq. ft. @ \$22.31 per sq. ft.

Cost of Building -

Main Building

1,500,000

Wing Building

1,000,000

2,500,000 sq. ft. @ \$1.00 per sq. ft.

General Land Costs

\$ 85,000.00

Architectural & Engineering

250,000.00

Interest During Construction

74,000.00

Building Permits

5,000.00

Survey & Locating Maps

2,000.00

Real Estate Taxes

1,000.00

Construction Insurance

5,000.00

Financing Fee

50,000.00

Title & Recording

2,500.00

Legal & Organization Expenses

6,000.00

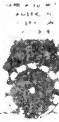
\$ 433,135.00

Total Replacement Cost -

\$5,108,866.00

## EXHIBIT No. 147

ALBE BECK  
 1000 1st Ave.  
 Seattle, Wash.



*International Brotherhood of*  
**TEAMSTERS, CHAUFFEURS**  
**WAREHOUSEMEN & HELPERS of America**

551 DENNY WAY - SEATTLE 9 WASHINGTON - EL. 2544

FEBRUARY 10, 1937

My dear Sir, your letter addressed to me under  
 the name of "Albe Beck" is in the same language:

"I am sorry to hear of any of these assertions,  
 and I am sure that you will be so close  
 to the truth that I must not tell you to be unless you  
 can show me."

With the exception of the above these  
 are the only statements I have considered con-  
 siderable of value. I am a Teamster  
 and I am sure that you will be so close  
 to the truth that I must not tell you to be unless you  
 can show me."

It is true, however, that it was necessary  
 to address such a letter to you. I do not retain you,  
 and any further than that, your capacity, either  
 as a writer or as a person in my position as  
 a member of the International Brotherhood of Teamsters.  
 I am sure that you will be so close to the truth that I  
 must not tell you to be unless you can show me."

I am sure that you will be so close to the  
 truth that I must not tell you to be unless you can show me."



Spencer  
there is  
reference

I feel that it is the intention of the  
business men that it should be the policy of the  
association to resist it and to keep it out  
altogether from the labor market.

On 20 Beck

## EXHIBIT No. 148

KNOW ALL MEN BY THESE PRESENTS, that

the International Brotherhood of Teamsters, Chauffeurs,  
Warehousemen and Helpers of America

have made, constituted, appointed and designated and by these presents do make, constitute, appoint and designate Dave Beck as trustee to purchase or otherwise acquire, to sell, assign, transfer or otherwise dispose of, to bring suit on, recover, collect and receive all monies as are now or shall hereafter become due, owing or payable thereon and to make, execute and deliver all necessary papers and instruments of whatsoever kind or nature in connection therewith:

Real estate mortgage loans covering real estate located in the State of Washington.

GIVING AND GRANTING unto said Dave Beck full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in the premises in the name of

Dave Beck, General President of International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, as trustee for International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, and

FURTHER DESIGNATING AL STOKES TRUSTEE the successor in office to Dave Beck as General President of International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, and giving and granting unto the successor in office to Dave Beck full and similar authority as trustee in the premises as are herein conferred upon Dave Beck.

IN WITNESS WHEREOF, we have hereunto set our hands the 10<sup>th</sup> day of September in the year of our Lord one thousand nine hundred and fifty-three.

IN WITNESS WHEREOF

Dave Beck  
General President --- Member of  
Finance Committee

John J. Englekamp  
Secretary-Treasurer --- Member  
of Finance Committee

David Kaplan  
Member of Finance Committee



None

None

at 11:00 AM - 100  
bills of the Federal

None

None

None

at 11:00 AM - 100

None

None

at 11:00 AM - 100

None

None

at 11:00 AM - 100

International

None

None

None

None

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None

## EXHIBIT No. 150

DAVE BECK  
Executive Vice President



International Brotherhood of  
TEAMSTERS, CHAUFFEURS  
WAREHOUSEMEN & HELPERS of America

552 DENNY WAY • SEATTLE 9 WASHINGTON 1 • 1944

Mr. Sherman S. Stephens,  
Secretary-Treasurer  
National Mortgage, Inc.  
411 E. 72nd  
Seattle, Washington

Dear Mr. Stephens:

We are interested in purchasing from and through your company, as our duly designated correspondent, mortgage loans by assignment up to the amount of \$4,500,000.00, in the year 1954, for the account of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

At the present time we are primarily interested in those loans made pursuant to Section 501 of the Servicemen's Readjustment Act of 1944, as amended, each mortgage loan to be guaranteed by the Veterans Administration, under the provisions of that act. We are also interested in purchasing by assignment conventional mortgage loans.

Mr. Don Hedlund and Mr. Fred Loomis, acting jointly, will appear for our account the loans to be purchased, and all submissions shall be made to them.

It is our desire to invest these funds to give the highest possible yield, in conformance with the utmost security, of course, to the Union. You are to service these loans for the Union, under the terms of our servicing agreement.

Very truly yours,

*Dave Beck*

Dave Beck,  
General President.

Concurred in:

*John J. Englund*  
General Secretary-Treasurer-  
Member of Finance Committee

*David Kaplan*  
Member of Finance Committee

## EXHIBIT No. 151

INTERNATIONAL BROTHERHOOD  
OF TEAMSTERS, CHAUFFEURS,  
WAREHOUSEMEN AND HELPERS  
OF AMERICA

Mr. Herman J. Stephens  
Secretary-Treasurer  
National Mortgage Inc.  
224 Dexter Avenue  
Seattle, Wash.

Dear Mr. Stephens:

We are interested in purchasing from and through your company any and all guaranteed or unguaranteed mortgage loans by assignment or otherwise of the Bank of America, Trustee, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

At the present time we are primarily interested in those loans which are intended to satisfy the Federal Housing Administration Act of 1934 as amended, and in mortgage loans to be guaranteed by the Federal Housing Administration. We are also interested in purchasing any and all non-federal mortgage loans.

We, the Board of Directors of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, and all subsidiaries should be made known.

We are desirous of obtaining the lowest possible interest rate on all loans, and we are desirous of obtaining the lowest possible interest rate on all loans, and we are desirous of obtaining the lowest possible interest rate on all loans.

Very truly yours,

John B. Bick  
General President

cc - Mr. Stephens

General Secretary-Treasurer  
American Union of Laborers

I hereby certify that this is a  
true and correct copy of the original

Herman J. Stephens, Secretary-Treasurer,  
and General Manager - National Mortgage  
Inc.

## EXHIBIT No. 153

## MEMORANDUM FOR CREDIT FILE

SUBJECT DAVE BECK

DATE AND ORIGIN

/3/53

B. Morgan/mh

The additional \$75,000 loan recently approved for Mr. Beck is to enable him to care for his proportionate share of a loan being made by the Office on which he is a co-maker, together with several other people, with him in the Kellerlitz Corporation, which is a realty holding company which owns the Grosvenor House. His proportion of this investment is to approximately \$35,000 and the balance of it is to provide a portion of capital of going into the National Mortgage Company, a new venture being organized by Mr. Don Heiland to acquire mortgages for the account of the International Teamsters Pension Fund, we understand.

Mr. Beck is selling a piece of property, we understand, to the Union Grocery Company, which is on Stone Way, for a consideration of \$50,000. Of this sale, which should be available shortly, will be applied on the balance of this new advance, he is confident, he will be able to retire within a reasonably short period, as well as continuing to make reductions of at least \$5,000 on his old obligation, which now stands at \$67,000.

Mr. Beck's borrowings are partially secured by cash surrender value of life insurance assigned to us approximating \$25,000.

## EXHIBIT No. 155

EDWARD A. HENNINGSEN  
 100 BROAD AVENUE  
 CHICAGO 1, ILLINOIS

## STATEMENT

December 31, 1953

TO: International Brotherhood of Teamsters, Chauffeurs,  
 Warehousemen and Helpers of America

Stenographic services (postage, etc.) \$ 300.00

Telephone calls, Detroit and Washington D.C. 27.40

\$ 327.40



No. 9135		PAY TO THE ORDER OF		ACCOUNT
DATE JAN 17 '36	AMOUNT IN DOLLARS 9135	TOTAL Y 1935		9135
PUBLIC STATEMENT Jan 31, 1936				
PURPOSE				

EXHIBIT No. 156

SIXTH AND DENNY BRANCH  
SEATTLE-FIRST NATIONAL BANK

1

33

Blaney Lee, V. a. d. m. (T. 1) 14 December 20 1941

Day to the  
of the  
\$ 2.00

Don't forget to send me a copy of the book.

**DENVER**

1. *John Doe*

Tad Beck  
Fred Verschuver

SIXTH AND BROADWAY BRANCH  
**SEATTLE-FIRST NATIONAL BANK**

No. 2

1941

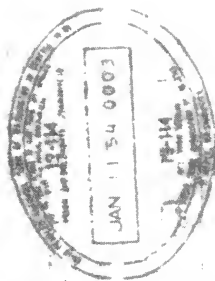
SEATTLE, WASHINGTON, December 29, 1941

JAY T. GREG  
ORDER OF

\$ 2,500.00

Five thousand five hundred &amp; 00/100 DOLLARS

⑦  
*Ed. [illegible]*



*Ed. [illegible]*

SIXTH AND DENNY BRANCH

No. 1

3

SEATTLE-FIRST NATIONAL BANK

930

SEATTLE, WASHINGTON, December 20, 1918

PAY TO THE ORDER OF  
Eliason Macgill

\$ 2,000.00

Two thousand five hundred &amp; no/100

The First National Bank  
of Seattle, Washington

Simon Hampel



EXHIBIT No. 158

**NATIONAL MORTGAGE, INC.**

A WASHINGTON CORPORATION  
411 E. 72ND ST. VE. 2722  
SEATTLE 9, WASH.

November 24, 1953.

Mr. Dave Beck,  
President,  
International Brotherhood of Teamsters, Chauffeurs,  
Warehousemen and Helpers of America,  
Seattle, Washington.

Dear Mr. Beck:

We are repaying for the account of The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, certain U. S. I. mortgage loans which are at present held by the Federal National Mortgage Association, having a principal balance of approximately one million five hundred thousand dollars. These mortgage loans are being sold at a price of 96% plus accrued interest.

Each mortgage loan has been fully guaranteed in accordance with the Servicemen's Readjustment Act of 1944, as Amended, and has been made in full compliance with the provisions of said Act and of the regulations of the Veterans Administration applicable thereto.

Each mortgage loan has been guaranteed by the Veterans Administration under the provisions of the Servicemen's Readjustment Act of 1944, as Amended, and the regulations effective thereunder, to the extent of 50% of the outstanding principal balance.

Each mortgage loan bears a gross interest of 4% per annum.

The buildings and improvements involved in the subject mortgage loans have been constructed in compliance with the requirements and conditions of the Certificate of Completion and the rules and regulations of the Federal Housing Administration with respect to each mortgage

- 2 -

No mortgage loan will be in default when shipped to the purchaser.

We know of no facts or circumstances which would render the guaranty by the Veterans Administration as to each mortgage loan, invalid or which could constitute a defense to liability of the Veterans Administration on the guaranty.

The Federal National Mortgage Association are the owners of each loan and are entitled to sell and dispose of them at this time.

All mortgage papers and supplementary documents shall be examined and unqualifiedly approved by the mortgage advisor for the purchaser and that the mortgage advisor for the purchaser shall be satisfied in connection with each mortgage loan sold that our warranties set forth above have been complied with and that each mortgage is a valid first lien upon the premises involved.

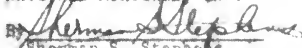
We have inspected all the properties and the credit and collection record of the borrower and recommend these loans for your purchase.

Upon the acceptance of this letter to purchase these loans, we will request the Federal National Mortgage Association to prepare the usual form of "Mortgage Sales Agreement" (FNMA form 174) for your execution and delivery to us, the provisions of which shall govern the sale.

The National Mortgage, Inc. are to service these loans under the terms of the servicing agreement for the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

Very truly yours,

NATIONAL MORTGAGE, INC.



Sherman S. Stephens,  
Secretary-Treasurer, General Manager

Accepted by

  
President

for International Brotherhood of  
Teamsters, Chauffeurs, Warehousemen  
and Helpers of America.





## EXHIBIT No. 160

AFFILIATED WITH THE  
AMERICAN  
FEDERATION  
OF LABOR



*International Brotherhood of*  
**TEAMSTERS, CHAUFFEURS  
WAREHOUSEMEN & HELPERS of America**

**DAVE BECK**  
General President

552 DENNY WAY • SEATTLE 9 WASHINGTON • E. 7:44

November 22,

Mr. John F. English  
Mr. Dave Kaplan  
Members of Finance Committee  
International Brotherhood of Teamsters  
100 Indiana Avenue N. W.  
Washington 1, D. C.

Dear Sirs and brothers:

In connection with investments of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, in view of the fact that I am a member of the Finance Committee of such investments, I desire to inform you that I have been advised by A. McVey, who is married to a woman who is a member of the Finance Committee of approximately \$100,000.00 in the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America.

Any investments in the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, through the National Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, should be handled in the same manner as the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, and should be returned to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America.

I know that you have been advised by A. McVey, who is married to a woman who is a member of the Finance Committee of approximately \$100,000.00 in the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, and that you have been advised by A. McVey, who is married to a woman who is a member of the Finance Committee of approximately \$100,000.00 in the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, and that you have been advised by A. McVey, who is married to a woman who is a member of the Finance Committee of approximately \$100,000.00 in the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America.

I am not trying to say that you are not a member of the Finance Committee of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, but I am trying to say that you are not a member of the Finance Committee of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, and that you are not a member of the Finance Committee of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America.

*Dave Beck*

## EXHIBIT No. 160A

D-10 412-04 300

**INTERNATIONAL BROTHERHOOD  
OF TEAMSTERS  
UNITED BROTHERHOOD  
OF AMERICA**

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR

OFFICE OF  
JOHN F. ENGLISH, Gen'l Sec'y-Treas.  
100 INDIANA AVE., N.W.

**WASHINGTON 1, D. C.**

November 6, 1953

Mr. Dave Beck, General President  
International Brotherhood of Teamsters  
100 Indiana Avenue, N. W.  
Washington 1, D. C.

Dear Sir and Brother:

Reference is had to your letter to me with respect to the advisability of using the National Mortgage Company of Seattle in the processing, placement, and servicing of mortgage loans. This is to state that I approve of the use of the National Mortgage Company for the purposes which you outline.

Fraternally yours,

JOHN F. ENGLISH  
Member of the  
Finance Committee

JFE:mc

EXHIBIT No. 160B



*International Brotherhood of*  
**TEAMSTERS, CHAUFFEURS**  
**WAREHOUSEMEN & HELPERS** *U.S.A.*

JAYE BEC\*

C\*

EXHIBIT No. 161

## Investment Company File

October 23, 1933

MEMO TO: Mr. Dave Cook  
Mr. Simon Wapnick

Inasmuch as the Investment Company, the partnership which was entered into by us on the 15th day of March, 1933, has not been active or engaged in any business in any way, shape, form or manner, nor has it incurred any expenses, I deem it advisable at this time, with the consent of all partners, to dissolve this particular partnership.

In view more of the fact that on January 2, 1933, George A. Hardesty assigned his 25% interest to us, and because of this reason and because of the reasons stated above, I believe the partnership should be dissolved.

Attached are checks payable to Dave Cook for \$300.00, which is simply the return of the initial investment, another check payable to Simon Wapnick for \$100.00, which is also a return of initial investment, and a check payable to Ben Redland for \$1,000.00, which is the return of the original investment of \$100.00, plus the 25% purchased from George A. Hardesty in the amount of \$900.00. The signatures required on these checks are by two of the partners.

Ben Redland

DRC:m

## EXHIBIT No. 162

## PARTNERSHIP AGREEMENT

DAVE BECK, SIMON WAMPOLD, and DON HEDLUND, the undersigned, form themselves into a partnership to do business under the style and firm name of THE INVESTMENT COMPANY, for a period of one year from September 1, 1953, and thereafter on a month to month basis subject to all the terms hereunder. As parties hereto they agree as follows:

1. The business of the partnership shall be that of brokering investment securities, including stocks, bonds, debentures, mortgages and chattel mortgages. The general character of the business will not be changed except by unanimous mutual agreement in writing. Until otherwise agreed by a majority vote of the partners, the office of the partnership shall be, 1119 Soren, c/o Don Hedlund, Seattle, Washington,

2. Proper and adequate books of account will be kept in respect to all of the affairs of the partnership and these books will be subject to an annual audit by a CPA at the expense of the partnership, if so requested by any partner. Until otherwise unanimously agreed, the books of account and all records incidental to the partnership shall be lodged with Don Hedlund, whose office is 1119 Soren, and he shall be deemed custodian for each and all the parties and will hold the records as in trust for each, with a like duty to each.

As of February 1, 1954, and monthly thereafter, a general account shall be made by the partners of all of the transactions of the partnership during the preceding period and of all the capital property and liability as of date thereof. A copy of the monthly account, and all other periodic accounts, shall be supplied to each partner as soon as available, and unless objections be made thereto within ten days, such accounts shall be conclusively deemed to reflect their agreement as to their respective interests as of the date thereof. Notice of any objection shall be given in writing to each of the other partners.

3. The initial capital of the partnership shall be \$750.00, payable forthwith, of which \$250.00 shall be contributed by Dave Beck, \$250.00 by Simon Wampold, and \$250.00 by Don Hedlund. Further contributions to capital shall be by unanimous mutual agreement in writing, except such contributions as are necessary to meet losses, if any there be. Further contributions shall be made by the parties in the same proportion as the initial contribution.

4. Profits of the partnership shall be divided between the partners and losses shall be borne in the same proportion as the partner's capital contributions. The initial division, and the one which the partners contemplate will be followed throughout the life of this partnership, is as follows: Thirty-three and one-third percent (33 1/3%) to Rayo Bank; thirty-three and one-third percent (33 1/3%) to Simon Hengold; thirty-three and one-third percent (33 1/3%) to Ben Hekland.

Profits may be withdrawn as the parties may from time to time determine, but no such withdrawal will be made that will impair the liquid position of the partnership or handicap its operations.

5. Until otherwise determined by the majority vote of the partners, Ben Hekland shall be the General Manager of the partnership. He shall receive no salary. His authority shall be limited to the management of the day to day operations and all questions of policy shall be determined by a majority vote of all of the partners, except such as must be determined by unanimous vote. Without being limited hereby, the following shall be deemed to be policy matters which the General Manager should submit to the partners for determination by a majority vote:

- (a) Employment of personnel and fixing of salary.
- (b) Rental or leasing of office space and/or office equipment.
- (c) Determination of brokerage fees to be charged by the partnership.
- (d) The amounts and type of insurance to be carried by the partnership.
- (e) Any matter which involves an expenditure by the partnership of an amount exceeding \$250.00

The unanimous vote of the partners will be required for:

- (a) Borrowing of funds.
- (b) Purchase of any real property, office equipment, investment securities, or other property involving expenditures exceeding \$250.00
- (c) Any enlargement of partnership activities or change in the general nature of its business.
- (d) Modification of this agreement.
- (e) Requirement for additional capital, except contributions necessary to meet loans, and to enable the partnership to pay its then current obligations without default.
- (f) Change in bank account.

Hekland is to be charged with the responsibility of keeping a permanent record of all actions and votes taken by the partnership in any matter where a vote

of the partners is required. Without excluding other ways of showing (requiring), the approval of the partners may be shown by each partner signing or initialing a sheet upon which the proposed action is summarized. Such sheet and other matters or records showing the actions of the partners will be lodged with the books of account of the partnership.

6. The general bank account of the partnership shall be kept at the First and Denny Branch of the Seattle First National Bank of Seattle. Any designated partner shall be authorized to withdraw funds on behalf of the partnership. A special operating and payroll account may also be established subject to withdrawal by any one partner. All income or other receipts will be deposited directly in the operating account. All cash deposits shall be in the general partnership account and the operating account shall be replenished from time to time from that account in accordance with policies to be established by the partners.

7. No partner without the written consent of the others shall:

- (a) Enter into any bond or become bail or security for any person or do anything or suffer anything to be done whereby the capital or property of the partnership may be attached or taken into execution;
- (b) Confess judgment or submit a partnership claim or liability to arbitration or reference;
- (c) Release or compound any debt owing to or claimed by the partnership;
- (d) Assign, convey or convey his interest or any part thereof in the partnership or any partnership property on account of any personal obligation.

8. No partner will transfer his interest or any part thereof in the partnership or partnership property or bring any action to dissolve the partnership or to do anything which might result in the termination or dissolution of the partnership (even though the partnership be then operating on a month to month basis) without first notifying the other partners and offer to sell to them his interest in the partnership at a purchase price equal to the book value as of the last day of the month in which the offer is made. As used herein, transfer will refer to any sale, assignment, pledge, hypothecation or other transfer or proposed transfer of any interest in the partnership or partnership property. The other partners shall have the right to accept the offer proportionately, or in the event any should elect not to do so, then the others may accept the offer proportionately (or one partner may buy the entire interest, if the others do not elect to purchase), and thereafter when voting in respect to partnership affairs shall have the right to vote the

purchase interest of the retiring partner.

Written notice of election to purchase, must be given to the offeror within ten days of the close of the month during which the offer to sell is made. A check for 10% of the purchase price must accompany this election to purchase. The balance of the purchase price shall be paid in twelve monthly installments with simple interest on the unpaid balance at 6% per annum. The partner or partners purchasing shall have the right to pay the balance in full at any time. The remaining partners shall have complete management of the partnership business, without any intervention by the retiring partner as long as there is no default in payment of the scheduled payments.

The provisions of this Section 8 do not give any partner the right to transfer his interest in the partnership and shall not be construed as imposing any duty on the offering partners who decline to buy out the other to accept any person as a new partner.

In the event of the death of any partner, the others shall have the election to purchase the decedent's interest at book value as of the last day of the month of his death, under the same terms and conditions as those set out in the preceding paragraphs. Such election to purchase must be evidenced by written notice to the personal representative of the deceased partner within sixty days of his qualification in the probate proceedings, accompanied by ten percent of the purchase price.

These options to purchase shall be binding upon the heirs, assigns and personal representatives of each of the partners.

9. The wives of the partners join for the purpose of showing their acquiescence in this Agreement but are not to be deemed partners as the term has been herein used.

EXECUTED as of and effective this 1st day of September, 1953, at Seattle, Washington

Wally Deck  
Witness

James Beck  
Witness





## EXHIBIT No. 163A

NAME	Dr. Investment Co		ACCOUNT NO.
ADDRESS			SHEET NO.
1904	TERMS	DATE	DEBITS
Feb 11		23	599.66
Mar 11		16	599.55
4/27	Wells	11	841.83
4/30	Wells	11	89.50
✓	Miller	11	89.00
✓	Darnell	11	100.00
✓	Larkin	11	94.00
✓	Wells	11	85.00
5/12	Wells	11	84.00
✓	Wells	11	84.00
5/26	Wells	11	88.00
5/28	Wells	11	88.00
10/14		18	176.00
✓		18	599.56
✓		18	51.40
✓		18	42.82
✓		18	75.00
11/16	Dr. Investment Co	18	599.75
			1109.25

4/23	12 MG. Lard	1.00	1.00
4/8	10 Lard	1.15	2.15
	10 Lard	1.00	3.15
4/21	10 Lard	1.14	4.29
4/23	10 Lard	1.00	5.29
4/23	10 Lard	1.00	6.29
4/23	10 Lard	1.00	7.29
4/23	10 Lard	1.00	8.29
4/23	10 Lard	1.00	9.29
4/23	10 Lard	1.00	10.29
4/23	10 Lard	1.00	11.29
4/23	10 Lard	1.00	12.29
4/23	10 Lard	1.00	13.29
4/23	10 Lard	1.00	14.29
4/23	10 Lard	1.00	15.29
4/23	10 Lard	1.00	16.29
4/23	10 Lard	1.00	17.29
4/23	10 Lard	1.00	18.29
4/23	10 Lard	1.00	19.29
4/23	10 Lard	1.00	20.29
4/23	10 Lard	1.00	21.29
4/23	10 Lard	1.00	22.29
4/23	10 Lard	1.00	23.29
4/23	10 Lard	1.00	24.29
4/23	10 Lard	1.00	25.29
4/23	10 Lard	1.00	26.29
4/23	10 Lard	1.00	27.29
4/23	10 Lard	1.00	28.29
4/23	10 Lard	1.00	29.29
4/23	10 Lard	1.00	30.29
4/23	10 Lard	1.00	31.29
4/23	10 Lard	1.00	32.29
4/23	10 Lard	1.00	33.29
4/23	10 Lard	1.00	34.29
4/23	10 Lard	1.00	35.29
4/23	10 Lard	1.00	36.29
4/23	10 Lard	1.00	37.29
4/23	10 Lard	1.00	38.29
4/23	10 Lard	1.00	39.29
4/23	10 Lard	1.00	40.29
4/23	10 Lard	1.00	41.29
4/23	10 Lard	1.00	42.29
4/23	10 Lard	1.00	43.29
4/23	10 Lard	1.00	44.29
4/23	10 Lard	1.00	45.29
4/23	10 Lard	1.00	46.29
4/23	10 Lard	1.00	47.29
4/23	10 Lard	1.00	48.29
4/23	10 Lard	1.00	49.29
4/23	10 Lard	1.00	50.29
4/23	10 Lard	1.00	51.29
4/23	10 Lard	1.00	52.29
4/23	10 Lard	1.00	53.29
4/23	10 Lard	1.00	54.29
4/23	10 Lard	1.00	55.29
4/23	10 Lard	1.00	56.29
4/23	10 Lard	1.00	57.29
4/23	10 Lard	1.00	58.29
4/23	10 Lard	1.00	59.29
4/23	10 Lard	1.00	60.29
4/23	10 Lard	1.00	61.29
4/23	10 Lard	1.00	62.29
4/23	10 Lard	1.00	63.29
4/23	10 Lard	1.00	64.29
4/23	10 Lard	1.00	65.29
4/23	10 Lard	1.00	66.29
4/23	10 Lard	1.00	67.29
4/23	10 Lard	1.00	68.29
4/23	10 Lard	1.00	69.29
4/23	10 Lard	1.00	70.29
4/23	10 Lard	1.00	71.29
4/23	10 Lard	1.00	72.29
4/23	10 Lard	1.00	73.29
4/23	10 Lard	1.00	74.29
4/23	10 Lard	1.00	75.29
4/23	10 Lard	1.00	76.29
4/23	10 Lard	1.00	77.29
4/23	10 Lard	1.00	78.29
4/23	10 Lard	1.00	79.29
4/23	10 Lard	1.00	80.29
4/23	10 Lard	1.00	81.29
4/23	10 Lard	1.00	82.29
4/23	10 Lard	1.00	83.29
4/23	10 Lard	1.00	84.29
4/23	10 Lard	1.00	85.29
4/23	10 Lard	1.00	86.29
4/23	10 Lard	1.00	87.29
4/23	10 Lard	1.00	88.29
4/23	10 Lard	1.00	89.29
4/23	10 Lard	1.00	90.29
4/23	10 Lard	1.00	91.29
4/23	10 Lard	1.00	92.29
4/23	10 Lard	1.00	93.29
4/23	10 Lard	1.00	94.29
4/23	10 Lard	1.00	95.29
4/23	10 Lard	1.00	96.29
4/23	10 Lard	1.00	97.29
4/23	10 Lard	1.00	98.29
4/23	10 Lard	1.00	99.29
4/23	10 Lard	1.00	100.29

NAME		ACCOUNT NO	
The Lamentum Co			
ADDRESS		SHEET NO	
DATE	ITEMS	DEBITS	CREDITS
8/20	Madon	C 19	89.00
9/20	Mayer		87.50
9/29	Booke	C 20	83.00
9/12	Robt. M. King	C 21	332.00
9/19			200.00
9/24			1286.
9/15	Tele. Calls		1853.
8/18	fr F.N.M.G.	C 10	338.25
9/29	Pratt	C 22	315.00
9/12	Lawattay	C 22	104.50
9/14	Zoochatus	C 22	87.00
9/18	Bernard	C 22	90.50
9/23	Muir	C 23	117.00
9/23	Fournier	C 23	89.50
9/25	Cooper	C 23	91.00
9/25	Thompson	C 24	98.00
9/30	Alig and Co	C 24	129.00
9/30	Deiglan	C 24	112.00

DATE	ITEMS	DEBITS	CREDITS	BALANCE
8/31	C 28	91.00		11930.69
9/30	C 29		712.00	
9/30	C 30	177.00		
9/30			374.36	
✓	C 31			37.193
✓	C 32	60.00		13.193
✓	C 33		40.00	13.193
10/31				
11/30				



## NATIONAL MORTGAGE, INC.

(Incorporated in the State of Washington)

## MORTGAGE AND ESCROW SERVICES

411 East 7th Street  
SEATTLE, WASHINGTONMORTGAGOR'S or PURCHASER'S STATEMENT **Arthur W. Cooper**PROPERTY ADDRESS **3028 So. 200th St.**Escrow No. **3849**Closing Date **8/30/64**

## DEBITS

SALE PRICE	10,800.00
FURNISHINGS	
RESERVES:	
1966 Mortgage Hazard Ins	
Taxes 8 mos @ 9.00	108.00
Fire Ins Reserve 8 mos @ 2.17	4.86
Fire Insurance Policy	77.88
Lender's Inspection Fee	
V. A. Appraisal Charge	Not chargeable
Reinspection (V. A.)	
FHA Commitment Fee	
Tax Pro-rata 1964	8.18
Mortgage Charge	105.00
Mortgage Title Insurance	55.78
<del>Nat'l</del> Mfg. Ins.	28.20
One-half Escrow Fee	
Recording Fee	6.00
Interim Interest 8/30 - 8/2/64	13.13
Credit Report and Photos	8.00
Tax Registration Service	5.80
Extended Totals	10,980.31

## CREDITS

Mortgage or Contract Balance	10,800.00
Earned Money Advance	278.00
Other Advances	61.00
Your Check To Balance	64.81
BALANCED TOTAL	10,980.31

## YOUR PAYMENTS ARE AS FOLLOWS

Principal and Interest	83.37
Mfg. <del>Ins</del> Insurance	12.80
Fire Insurance	3.17
Taxes	9.86
Total Monthly Payment	108.00

First Payment is due on the 1st day of  
Oct, 1964 and on the first  
of each month thereafter to  
**National Mortgage Inc.**  
324 Center  
Seattle, Washington

I/We have examined the above report and find it to be correct for closing

*Wrayard Cooper**Arthur W. Cooper*

Borrower		Seller		Date		Escrow No.		Title No.	
Address		Address		Prepared By		Checked By		CR.	
2022 Sp. 200th St.				8/10/54		2828		117768	
Loan Proceeds									
Cash Advanced								12,125.00	
By Seller									
By Realtor								14.00	
By Purchaser								11.00	
Realtor		Y. A. Peterman						24.81	
Sales Commission								250.00	
Earnest Money		275.00						28.00	
Appraisal paid		us							
Credit Report									
Fire Insurance									
Company									
ENCUMBRANCES PAID									
Highline S & L									
MORTGAGE INTEREST									
F M I for Term									
FHA Premium									
F & A Premiums									
Tax Unit									
Tax Reserve 108.00									
Ins. Reserve 4.89									
Int. Int. 12.15									
Commission 10,900.00									
125.82									
TITLE COMPANY Lawyers									
Purchaser Policy 85.00									
Mortgage Policy 23.78									
Tax Registration 3.30									
Taxes (current)									
Taxes (delinquent)									
Solve Tax 106.00 P.									
Assessments									
Revenue Stamp 12.08									
Recording Fees 5.35									
112.43									
WATER BILL SYSTEM									
Meter No.									
APPRAISAL FOR F.I. F.M.A. 1954									
C. S. C. NO. SELLER									
NATIONAL MORTGAGE, I. B.									
Escrow Fee 41.00									
Inspection Fee									
Commission 22.00									
Investors 210.00									
336.00									
Credit Report 5.00									
Photos									
Affidavit 2.00									
Recording Fees 2.88									
Fire Insurance									
Company Republic No. 207688									
Life Ins. 9.88									
77.85									
25.80									
TOTALS									
10,315.81									
10,315.81									

(3rd L &amp; State.-Book)

125.82

106.00 P.

112.43

5.00 Held

336.00

9.88

77.85

25.80

10,315.81

10,315.81

<b>VETERANS ADMINISTRATION</b> <b>CERTIFICATION OF</b> <b>LOAN DISBURSEMENT</b>		<small>Form approved September 1970, No. 18-2345-1</small> <b>LAST NAME—FIRST NAME—MIDDLE NAME OF VETERAN</b>	
<small>NOTE: This certification of loan disbursement must be executed and submitted to the Administrator by the holder of Certificate of Commitment within 30 days after the ultimate actual payment of the full proceeds of the loan. ORIGINAL to Veterans Administration. DUPLICATE to be retained at lender.</small>		<b>DATE OF NOTE</b> 8/2/76	<b>VA LOAN NO.</b> 1
		<b>DATE OF MATURITY OF LOAN</b> 7/1/77	<b>DATE OF FINAL DISBURSEMENT</b> 11/1/76
		<b>PAYABLE</b> 150.00	<b>SERVICE SERIAL NO.</b> 6-000-111
<b>FEDERAL STATUTES PROVIDE SEVERE PENALTIES FOR ANY FRAUD, INTENTIONAL MISREPRESENTATION, CRIMINAL CONVICTION OR CONSPIRACY PURPORTED TO INFLUENCE THE ISSUANCE OF ANY GUARANTY OR INSURANCE BY THE ADMINISTRATION.</b>			
TO	Veterans Administration, Attention: Loan Guaranty Officer, Omaha, Neb.	In connection with the loan identified above and referred to in the Certificate of Commitment returned herewith, the undersigned lender having fully disbursed the loan proceeds, submits the following report:	
<b>I.—STATEMENT OF LOAN DISBURSEMENTS AND COSTS</b>			
<b>ITEM</b> <small>(Complete only A and B except where otherwise indicated)</small>		<b>LOAN DISBURSEMENTS</b> <small>(Being amount of)</small> (\$)	<b>TOTAL COST TO LENDER</b> (\$)
<b>A. IMPROVED REALTY (New or existing)</b>		\$ 10,500.00	\$ 10,500.00
<b>B. UNIMPROVED REALTY</b>			
<b>C. PERSONALITY (including paid off)</b>			
<b>D. INTEREST IN BUSINESS</b>			
<b>E. CONSTRUCTION ONLY</b>			
<b>F. REPAIRS</b>			
<b>G. ALTERNATIONS</b>			
<b>H. IMPROVEMENTS</b>			
<b>I. TO REFINANCE DELINQUENT INTERESTS</b> <small>(See APP. section 1-A Form 2-100)</small>			
<b>J. TO REFINANCE LAND SALE CONTRACT (See 28-494)</b>			
<b>K. PURCHASE PRICE ON AMOUNT OF DELINQUENT INTERESTS</b> <small>(Add item I to page 2)</small>			10,500.00
<b>L. FOR WORKING CAPITAL</b>			
<b>CREDIT REPORT</b>			5.00
<b>RECORDING FEE</b>			5.00
<b>APPRAISAL FEE</b>			
<b>SURVEY</b>			
<b>TITLE EXAMINATION</b>			
<b>TITLE INSURANCE</b>			23.75
<b>SUPERVISOR AND INSPECTION DURING CONSTRUCTION</b>			
<b>VA APPRAISAL AND VA CONFORMANCE INSPECTION</b>			
<b>FLAT ALLOWANCE A LEND OF UNDISBURSED COSTS</b> <small>(See 28-494) If no charges under item above are made, then upon closing under item above disbursed as closing costs prior to 10-30-76, amount of \$10,300.00 (a)</small>		10	105.00
<b>ATTORNEY FEE</b>			
<b>OTHER (Specify)</b> Tax Reg. 100-100-8/20-9/1			1.50 11.11
<b>M. AMOUNT OF LOAN (Add items I to page 7)</b>		10,500.00	
<b>CASH FROM VETERAN: Endorsement of check for proceeds from:</b>		156.34	
<b>CASH FROM VETERAN FOR PREPAID ITEMS</b>		198.71	198.71
<b>ADJUSTMENTS DUE SELLER</b>			
<b>SECURITY IN REAL PROPERTY</b>			
<b>OTHER CREDITS (Specify)</b>			
<b>N. TOTAL COST TO VETERAN (Add items I and K to L; add items F through H to M)</b>			2,155.11

11797  
10/18/54

Account No. 3249  
Type of Loan \_\_\_\_\_  
Am't of Loan \_\_\_\_\_  
Mortgage \_\_\_\_\_

City \_\_\_\_\_  
411 West 72nd Street  
Seattle 5

PURCH. S. & R. Arthur W. COOPER - 3028 So 200th St  
Address \_\_\_\_\_ Phone \_\_\_\_\_

S. & R. R.A. CLARK - 3028 So 200th St  
Address \_\_\_\_\_ Phone \_\_\_\_\_

PROPERTY 3028 So 200th St

Date received 7/19/54 Realty T.A. Peterson Com. received \_\_\_\_\_  
112 - White & Ballard

Finance and Title: 7/19/54 Application: \_\_\_\_\_  
Earliest money he must \_\_\_\_\_ Taken by whom \_\_\_\_\_

FHA Cond. \_\_\_\_\_ Fire \_\_\_\_\_ Income O. A. \_\_\_\_\_

VA 1B+3 7/19/54 Credit report ordered Rec'd 7/19/54

Old Title Policy no. \_\_\_\_\_ 2000 - G. Rec'd 7/19/54 2000 - T

Old Fire Policy \_\_\_\_\_ Appraisal ordered \_\_\_\_\_

Tax receipt \_\_\_\_\_ Appraiser \_\_\_\_\_

Honorable Discharge \_\_\_\_\_ Bill Paid \_\_\_\_\_ Final Insp. \_\_\_\_\_

Cert. of eligibility \_\_\_\_\_ Equity informed \_\_\_\_\_

C. of A. ordered \_\_\_\_\_ FHA Certification \_\_\_\_\_

escrow, Buyer 7-20-54 Finders Fee to \_\_\_\_\_

escrow, Seller 7-20-54 Tentative Closing date \_\_\_\_\_

Lead Signed \_\_\_\_\_

To: FHA/VA for Commitment \_\_\_\_\_ Received \_\_\_\_\_

To: mortgagee for Commitment \_\_\_\_\_ Company \_\_\_\_\_ Recd. \_\_\_\_\_

Title Ordered 7-20-54 Company Lawrence by \_\_\_\_\_ do. \_\_\_\_\_

Title received 7-20-54 Legal and Lot Size Checked \_\_\_\_\_

Correction \_\_\_\_\_ exceptions cleared \_\_\_\_\_

Fire Insurance ordered 7-20-54 Company Republic

Amount 9000.75 effective 7-20-54 Premium 7.25

Fire Policy No. By 7-20-54 Supplied by See Republic

Rec'd 12/13/54 letter to seller

100%  
97%  
Contractors  
12/13/54



EXHIBIT No. 165

SIXTH AND DENNY  
SEATTLE, WASHINGTON

NOVEMBER 5 1934

ON ORDER \$ 4,308.42

FOUR THOUSAND THREE HUNDRED AND EIGHT DOLLARS AND FORTY TWO CENTS

SIXTH AND DENNY BRANCH  
SEATTLE - FIRST NATIONAL BANK 1250  
SECOND AVENUE, AT STREET CORNER  
SEATTLE, WASHINGTON

3.4 *Don Hedlund* 7  
THE INVESTMENT COMPANY  
by Don Hedlund

PAY TO CASH

*Don Hedlund*

52

PAY TO THE ORDER OF  
ATTY DONALD BAKER OF TRUST CO  
ALL OTHERS PROHIBITED  
NOV 19 1934

THE FIRST NATIONAL BANK  
SEATTLE, WASHINGTON

THE FIRST NATIONAL BANK  
SEATTLE, WASHINGTON



SIXTH &amp; DENNY BRANCH 19-111

No.

NOVEMBER 5 1924

ON ORDER \$ 4,308.42

DOLLARS

PAY TO SIMON WATFOLD

FOUR THOUSAND THREE HUNDRED AND EIGHT DOLLARS AND 42 CENTS

SIXTH &amp; DENNY BRANCH 19-111

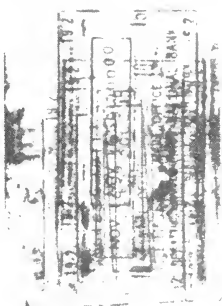
SEATTLE - FIRST NATIONAL BANK 19-2

SIXTH &amp; DENNY BRANCH 19-111

SEATTLE, WASHINGTON

THE INVESTMENT COMPANY

by Don Hedlund



*Handwritten note:* 6th Denny

20, 11.

1. *Chlorophyll a* (Chl *a*)

2000 61 10 1000

## EXHIBIT No. 170

April 26, 1955

Mr. Edward F. Lambrecht  
Lambrecht Realty Company  
1780 Penobscot Building  
Detroit, Michigan

Dear Mr. Lambrecht:

We agree to purchase Seven Hundred Fifty Thousand Dollars (\$750,000.00) of VA loans from your institution for the account of Dave Beck, Trustee, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, for delivery within Sixty (60) days.

We will purchase these loans at a price of Ninety Nine percent (99%) of par. You are to service these loans in accordance with the Servicing Agreement to be executed by your company and the International Teamsters Union.

- (1) All of these loans to be a minimum of 5% down payment by mortgagees plus costs.
- (2) Loan to be secured by a valid first lien upon the security offered and satisfactory mortgage papers, all subject to approval by my designated representative.
- (3) All taxes and assessments shall be current.
- (4) Adequate fire and wind storm or extended insurance covering all buildings in companies approved by me.
- (5) Loans shall not be in default at time of transfer to our Association.
- (6) They shall carry the VA guaranty, up to Seven Thousand Five Hundred Dollars (\$7,500.00) or Sixty percent (60%), whichever may be the greater.
- (7) All loans must comply with all VA regulations.

Mr. Edward F. Lambrecht  
April 26, 1955  
Page 2

The acceptance and approval of the individual borrowers who are to execute the mortgages to be passed upon by our present Representative, Mr. Don Hedlund, of the National Mortgage, Inc., 224 Dexter Avenue, Seattle 9, Washington.

Very truly yours,

Dave Beck  
General President

DB/et

CC: Mr. John F. English

June 6, 1955

Mr. Edward J. Lambrecht  
Lambrecht Realty Company  
1780 Panobscot Building  
Detroit, Michigan

Dear Mr. Lambrecht:

This will amend our letter of April 26, 1955, in which we agreed to purchase Seven Hundred Fifty Thousand Dollars (\$750,000) of VA loans from your institution for the account of Dave Beck, Trustee, International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, for delivery within Sixty (60) days, to extend the commitment for another thirty (30) days.

It is our understanding that \$10,000 of the loans will be delivered for purchase on or before the 24th day of June, 1955. All other terms of the commitment remain.

Very truly yours,

Dave Beck  
General President

L.B. et

cc Mr. Beck (Original)

## LAMBRECHT REALTY COMPANY

2150 PENNSYLVANIA BUILDING

DETROIT 22, MICHIGAN

WOLFELOWITZ &amp; SONS

August 5, 1955

Mr. Don Hedlund  
National Mortgages, Inc.  
224 Dexter  
Seattle 9, Washington

Dear Don:

Enclosed please find check for \$3759.50  
covering 1 1/2% ~~fee on~~ mortgages sent to Dave Beck, Trustee  
for the Union.

The face amount of the mortgages which we  
shipped to you totals \$751,901.00.

Thank you for your very fine co-operation in this  
transaction, and with kindest personal regards.

Sincerely yours

  
Edward F. Lambrecht

F. M. S.  
enclosure



MEMO

TO: Henry Roine

FROM: Don Midland

DATE September 19, 1955

Attached are the following T. J. Bettes Company of California's checks

Check No. 464	July 1, 1955	\$715.30
Check No. 478	July 29, 1955	\$975.50
Check No. 528	August 31, 1955	\$2,716.00

These represent commissions on loans purchased from T. J. Bettes Company of California for the Teamsters' Union. Although the checks were made payable to me, they are for the account of the National Mortgage Inc., and I have so endorsed them

BETTER COMPANY OF CALIFORNIA				
YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	DESCRIPTION	AMOUNT
		Mr. Don Hedlund	Commissions payable for loans delivered to the Teamsters Union.	\$937.54
				378

(PLEASE DETACH THIS MEMO BEYOND REPORTING OFFICE)

BETTER COMPANY OF CALIFORNIA				
YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	DESCRIPTION	AMOUNT
		Mr. Don Hedlund	Commissions payable for loans	\$715.30
YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	DESCRIPTION	AMOUNT
		Mr. Don Hedlund	Commissions payable for loans delivered to the Teamsters Union.	\$975.50
BETTER COMPANY OF CALIFORNIA				
YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	DESCRIPTION	AMOUNT
		Mr. Don Hedlund	Commissions payable for loans delivered to the Teamsters Union	\$2,716.00

## T. J. BETTES COMPANY OF CALIFORNIA

OUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	MORTGAGEE	DESCRIPTION	AMOUNT
		Don Hedlund	Commissions payable for loans delivered to Teamsters Union.	\$403.
	<i>T. J. Bettes Co.</i> <i>10/16 - chk 948</i> <i>POF -</i>			

PLEASE DETACH THIS SLIP BEFORE DEPOSITING CHECK

## T. J. BETTES COMPANY OF CALIFORNIA

OUR ACCOUNT NUMBER	YOUR ACCOUNT NUMBER	MORTGAGEE	DESCRIPTION	AMOUNT
		Mr. Don Hedlund		

PLEASE DETACH THIS SLIP BEFORE DEPOSITING CHECK

October 3, 1955

Mr. Max L. Bates  
 Vice President  
 T. J. Bates Company of California  
 315 Montgomery Street  
 San Francisco 4, California

Dear Max:

Many thanks for forwarding the check in the amount of \$1,991.50, covering balance due on purchases made by the International Teamsters Union.

Up-to-date, or through September 6th, we have purchased for this account approximately \$1,602,000 of loans, which I believe I confirmed with you the other day. That being the case, it would appear that a balance in the amount of somewhere around \$1,000 is still due. Listed below are the names of borrowers which according to our records have not been paid by your company:

VERNON, R. C.  
 TRUJILLO, T. J.  
 THARP, W. E.  
 TERRY, Glenn  
 SEITZ, W. C.  
 SCHADER, M. F.  
 SANDOVAL, F. C.  
 SANCHEZ, A. T.  
 RODRIGUEZ, E. S.  
 FITCHER, E. C.  
 PETERSON, R. E.  
 PEREZ, A.  
 NOMURA, Y.  
 Murphy, D. D.  
 MARINO, J.  
 LOPEZ, J.

LEDEBOER, F. B.  
 KINGHAN, R. J.  
 IACONIS, I. L.  
 HIGASHI, L. M.  
 FUKUSHIMA, D. Y.  
 DALY, W. P.  
 COSTA, E. G.  
 CATTANEO, R.  
 COLFER, E. R.  
 BOSCA, S. D.  
 BLEILER, C. O.  
 ROBERTS, L. J.  
 HUGHES, W. H.  
 GIESA, D. G.  
 FLUITT, D. I.

Very truly yours,

Don Hedlund

DH:et

T. J. BATES COMPANY OF CALIFORNIA				
DATE ACCOUNT NUMBER	FROM ACCOUNT NUMBER	CONTRACTOR	RECEIVED	REMARKS
		Mr. Don Hedlund	Commission payable for loans delivered to the Teamsters Union.	

## EXHIBIT No. 171

North 10th Street  
and Aurora Ave.  
Lynnwood, Wash.

BOB WETTER - REALTY

Phone: Edmonds, Wash.  
Greenwood 5533

## EARNEST MONEY RECEIPT AND AGREEMENT

(This form approved by Local Public Committee at 7th St. Ave. of Seattle, April 5, 1947)

Washington, April 21, 1947

RECEIVED FROM Edmon Construction Co., Inc.  
(Hereinafter called "Purchaser")  
One Thousand Dollars DOLLARS (\$ 1000.00)  
in the sum of \_\_\_\_\_  
paid to agent in earnest money in part payment of the purchase price of the following described real estate in  
\_\_\_\_\_ County, Washington

South  $\frac{1}{2}$  of the South  $\frac{1}{2}$  of the North East  $\frac{1}{4}$  of the South East  $\frac{1}{4}$  Section 17,  
Township 27 North Range 4 West.

North  $\frac{1}{2}$  of the North  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the South East  $\frac{1}{4}$  Section 17,  
Township 27 North Range 4 West.

Twenty-six Thousand Six Hundred Twenty-five

DOLLARS

Total purchase price is \_\_\_\_\_

(\$6,382.00), payable as follows:  
\$6,382.00

All cash to seller upon closing.

Purchaser to pay all expenses concerning this transaction.

Seller agrees to furnish and deliver to purchaser as soon as procurable a purchaser's policy of this insurance to be issued by Washington Title Insurance Company, and seller authorizes agent to apply at once for such policy or report adverse condition of title.

If title is not insurable and cannot be made insurable within 30 days from date of this receipt, earnest money shall be refunded and all debts of purchaser terminated, except that purchaser may waive defects and elect to purchase. But if title is good and purchaser requests or refuses to complete purchase, the earnest money may, at seller's option, be retained as liquidated damages. The agent shall not be responsible for delivery of title.  
The property is to be conveyed by \_\_\_\_\_ deed, free of encumbrances except:  
Water assessment of approximately \$44.00 which purchaser agrees to pay.

Rules reserved in federal points of these deeds, building, use restrictions general to the district, and building or zoning regulations and provisions shall not be deemed encumbrances.

Representatives to be discharged by seller may be paid out of purchase money at date of closing.

Taxes for the current year, rent, insurance, interest, purchase expenses, water and other utilities debiting item, shall be prorated as of date of closing.

Possession \_\_\_\_\_ upon the acceptance of this offer.

Purchaser offers to purchase the property on the terms noted in his purchase contract and this agreement is entered subject to the approval of the seller's lender within \_\_\_\_\_ days from date. Purchaser agrees not to withdraw this offer during said period, to which earlier rejection thereof by seller. Purchaser agrees that written notice of acceptance given to agent by seller shall be notice to purchaser. If seller does not accept this agreement, within the time specified, the agent will refund the earnest money upon demand.

The sale shall be closed in office of agent, or \_\_\_\_\_ agent. \_\_\_\_\_ 30  
days after this insurance policy or title insurance company's report is furnished by seller. To purchase and the seller will, at demand of either, deposit in escrow with Washington Title Insurance Company all documents and monies necessary to complete the purchase; the cost of same shall be paid one-half each by seller and purchaser.

There are no verbal or other agreements which modify or affect this agreement.

Time is of the essence of this agreement.

BOB WETTER - REALTY

Agent

By Marvin V. DwyerAccepted this 24 day of April 1947

Edmon Construction Co., Inc.  
By Edmon Construction Co., Inc.  
Below (inserted name)

Edmon Construction Co., Inc.

Purchaser (With)

A witness or one who has in good faith declared his intention to become a witness of the United States

## COMMISSION AGREEMENT

Washington, \_\_\_\_\_

Dollars

The undersigned hereby agrees to pay a commission of \_\_\_\_\_

(\_\_\_\_\_%) to the above agent in consideration of the earnest money is furnished. It shall be apportioned in equal and equal shares, provided the amount of agent's fee does not exceed the agreed commission.

Address

Seller

Phone

Seller (with or without)

(over)

LINTON CARPENTERS UNION, INC.  
511 - EAST FENDLER ST. SE 1725  
WASHINGTON, D.C.

Pay to the order of Bob Weller Realty  
Five hundred and no/100 \$500.00

GREENBUSH BRANCH  
SEATTLE TRUST & SAVINGS BANK  
SEATTLE, WASHINGTON

NO 209

1934

Can send money on Intercepting check to Washington

FOR DEPOSIT ONLY  
TO ACCT BOB WELTER  
REALTY EXCHG

CUSTOMER'S COPY

AFFIDAVIT

AND REAL ESTATE SALES TAX RECEIPT

STATE OF WASHINGTON

COUNTY OF SNOHOMISH

SNOHOMISH COUNTY, WASHINGTON

AFFIDAVIT

COUNTY OF SNOHOMISH

undersigned

being first duly sworn, deposes and says

that the following information relative to the sale of real estate is true and correct:

Name **OLLA A. JOHNSON and ALVARISTA NEZI JOHNSON**Address **13000 7th Ave. E., Seattle, Washington**Have I Name **Don Johnson and Don Johnson** with **Bookly** credit **un-reimbursed** **unif** interestAddress **all Bank 22nd Street**Name **Don Johnson** **My** **22nd** **20%**Name **Don Johnson** **My** **22nd** **20%**Name **Don Johnson** **My** **22nd** **20%**Name **Don Johnson** **My** **22nd** **20%**Name **Don Johnson** **My** **22nd** **20%**Name **Don Johnson** **My** **22nd** **20%**

this document is true and correct, as

by Court, Treasurer, Paying, I Must Be Made

by Cash or Certified Check

VERNE SIEVERS,

County Treasurer

26,625.00

266.29

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

PENALTY

NATIONAL MORTGAGE, INC.  
824 BENTLEY AVENUE  
K.L. 8010

No. 2044

SEATTLE, WASH., 10 55 April 11, 1931

PAY One Hundred Sixty-three Thousand Two Hundred Fifty and 00/100 DOLLARS \$163,250.00

TO THE ORDER OF

Bert Seymour

NATIONAL MORTGAGE, Inc.

To apply on Dave Beck note

Sixth and Duane Branch, SEATTLE-FIRST NATIONAL BANK, Seattle, Wash.

Bank of America, Seattle

PAY TO THE ORDER OF BROWN EQUIPMENT MANUFACTURING CO.

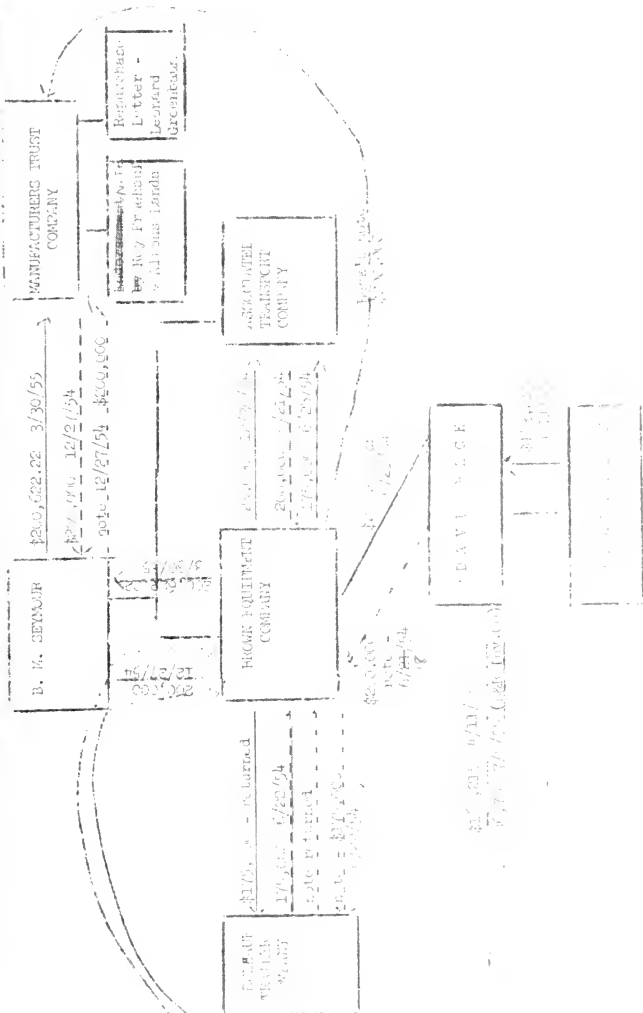
*Bert Seymour*

For Deposit Only  
EQUIPMENT & SUPPLY CO.

163,250.00  
10 55 April 11, 1931  
Bert Seymour  
NATIONAL MORTGAGE, INC.  
824 BENTLEY AVENUE  
K.L. 8010



EXHIBIT No. 173



## EXHIBIT No. 175

DAVE BECK  
General President



*International Brotherhood of*  
**TEAMSTERS, CHAUFFEURS**  
**WAREHOUSEMEN & HELPERS of America**

ASSOCIATED WITH THE AMERICAN FEDERATION OF LABOR

100 INDIANA AVENUE, N. W. • WASHINGTON 1, D. C. • STERLING 3-0525

November 14, 1953

To the Secretaries of all Local Unions

Dear Sir and Brother:

An unusual and effective project for the promotion of the union service shop sign and good will for the Teamsters is being undertaken by the International Brotherhood of Teamsters in cooperation with the Union Label & Service Trades Department of the AFL. Raymond F. Leheney, secretary-treasurer, is cooperating in the sponsorship of this unusual promotion.

As a Teamster local union secretary you will receive shortly from Culver City, Calif., a sturdy model trailer-truck. This rig will have a reproduction on its side of the Teamster union service sign.

These trucks offer an excellent opportunity to promote the Teamster shop sign and the Teamster movement. Secretaries will find in each model a booklet of information, price and order blanks. Secretaries are urged to use these models through their public relations channels. The trucks can also be used for display purposes and additional units can be ordered through Raymond F. Leheney, Union Label & Service Trades Department (AFL), 100 Indiana Ave., N.W., Washington 1, D.C.

The scale models make fine souvenirs for offices of shippers, fleet operators and other institutions doing business with Teamsters. Truck models can be presented as gifts to our friends in the business community. A timely feature is the fact that these replicas make excellent Christmas gifts for collectors, hobbyists, boys, etc. Based on actual operating vehicles, the models are well constructed and have operating doors, aluminum bodies, steering mechanism, rubber tires and other features of regular trucks. (In addition to the truck-trailer combination, models of a tow car, dump truck and stake truck are also available.)

Sceldom has such an opportunity to do a public relations job for our movement been offered our local union secretaries.

The International Brotherhood of Teamsters is 100 per cent behind this effort and the cooperation of all secretaries will be greatly appreciated.

Fraternally yours,

General President.

DAVE BECK  
General President



*International Brotherhood of*  
**TEAMSTERS, CHAUFFEURS**  
**WAREHOUSEMEN & HELPERS** *of America*

ASSOCIATED WITH AMERICAN LITERATURE 4876

100 INDIANA AVENUE, N. W. • WASHINGTON 1 D. C. • STERLING 3 0525

## BUY A TRUCK FOR CHRISTMAS!

Enclosed you will see the promotional campaign of the International Brotherhood of Teamsters developed in conjunction with the Union Label & Service Trades Department (AFL). This program is designed to follow up and implement wider interest in trucking transportation set in motion by the recent Truck Transportation Week. The campaign is designed to coincide with the Christmas gift season.

For many years both the railroad and steamship Industries have enjoyed wide popularity through their model replicas of trains and ships. At this time of the year special emphasis is always given these models and this general attention has proved of great value. Scale models executed in authentic fashion never fail to excite the interest of young and old.

We feel that the models pictured in the enclosed folder will make a real contribution to the general public relations assets of our industry. The faithfully reproduced scale models offer excellent toys for the young, gift items, and souvenirs for all adults. The Teamster emblem and union service shop sign help convey the idea of good employer-employee relations. The Union Label & Service Trades Department of the AFL is anxious to stimulate interest in the Union Label and patronage of fair employers. That department is acting as the sales and distribution office in this campaign.

Please order by the blank in the lower right of folder and mail to address thereon. This is an exceptional opportunity to help create interest in our progressive industry.

Very sincerely,

*General President*

International Brotherhood of Teamsters, Chauffeurs,  
Warehousemen and Helpers of America.



## EXHIBIT No. 180

C. D. G. 100

Union Label -

Miniature Trucks -

1934

October 29, 1934

Mr. Raymond Cohen, Secretary-Treasurer  
Local Union No. 107  
105 Spring Garden Street  
Philadelphia 23, Pennsylvania

Dear Ray:

I am very sorry if my request that you meet with Shelton Shefferman the other day at the airport at Philadelphia inconvenienced you, as I later learned that you were not able to keep the appointment.

I am very anxious to get 100% cooperation in Philadelphia in our Union Label and Shop Card Campaign in the sale of Miniature Trucks and I will appreciate your every effort in this direction. Shelton advised that he gave the entire story to Hartsough but if there are other questions in your mind on this program I would suggest that you contact Shelton at this address:

Mr. Shelton Shefferman  
Labor Relations Associates  
75 East Wacker Drive  
Chicago, Illinois

We are very anxious to get this program under way and if it is possible for you to give it your immediate attention the while program can be disposed of within the next three weeks. From the enthusiastic reception which the membership gave, it should not be hard to sell 500 trucks in the Philadelphia area this year.

I expect to be back in Seattle on November 8th and sincerely trust that the job will be so well organized and underway that it will not require any further attention from me.

With my warm personal regards and sincere appreciation for your cooperation, I am

Fraternally,

EXHIBIT No. 181

ADMINISTRATIVE FILE

Union Label Miniature  
Trucks - 1954

X

October 29, 1954

Mr. Larry McGinley, President  
Joint Council No. 73  
704 S. 14th Street  
Newark, 3, New Jersey

Dear Larry:

I am very sorry if in any way I interfered with your schedule associated with your regular work in Newark, but I am very anxious to get over the Miniature Truck Shop Card Campaign and do it with a minimum of detailed work out of the International office. We gave it such intensive publicity last year, and sent trucks to all of our Secretaries throughout the country, that everyone should be conversant with the program.

I am positive that you can dispose of 200 Miniature Trucks in the area of your operation and take care of the whole thing within the next two or three weeks.

Perhaps each Local Union would like to give one of these trucks to every member of the Executive Board. Several of our Local Unions last year sent them to children's hospitals and other charities as Christmas gifts.

I have put Shelton Shefferman in charge of the entire program so that the time of our Washington office would not be occupied with any of the details. As you know we have been working very hard and concentrating our efforts to get the Eastern Conference under way.

May I again say that I deeply appreciate your assistance and support and suggest that you get on this as quickly as you can. Shelton's address is:

Mr. Shelton Shefferman  
Labor Relations Associates  
75 East Wacker Drive  
Chicago, Illinois

With warm personal regards, I am

Fraternally,

EXHIBIT No. 185

FRO20-AP 5

DET SEA 1 5-23-56

ATTN ROY FRUEHAUF

MAY 23 Rcvd

REPHONE CONTACTED MR BECK AND HAVE MADE ARRANGEMENTS TO FURNISH FOUR  
 40 FT FCAL INSULATED UNITS OH-39322-24-26 AND 54932. DELIVERY ARRANGE-  
 MENTS SHOULD BE COMPLETED 5-23 ALL IN ACCORDANCE WITH THEIR REQUEST.  
 UNITS WILL BE STORED AT SUNSET DISTRIBUTING CO., 4912 - 14TH NW,  
 SEATTLE. NO PROVISION HAS BEEN MADE FOR INSURANCE. MR BECK SUGGESTED  
 I ADVISE YOU ACCORDINGLY SO YOU COULD COVER TRAILERS

F V BISTROM

WESTERN UNION  
TELEGRAMWESTERN UNION  
TELEGRAMWESTERN UNION  
TELEGRAM

22

12.50  
P.M.

EXHIBIT No. 185A

DAVE BECK  
General President

AFFILIATED WITH  
AMERICAN  
FEDERATION  
OF LABOR



*International Brotherhood of*  
**TEAMSTERS, CHAUFFEURS**  
**WAREHOUSEMEN & HELPERS** *of America*

552 DENNY WAY • SEATTLE 9 WASHINGTON • EL. 2544

September 6, 1956

SEP 11 1956

Mr. Roy A. Fruehauf, President  
Fruehauf Trailer Co.  
10940 Harper Avenue  
Detroit, Michigan

Dear Roy

I want to take this opportunity to express to you my appreciation for the very splendid manner in which Mr. Al Tice of your Fruehauf Plant in Seattle accommodated Sunset Distributing Company as it relates to the use of trailers. Mr. Tice could not have been more courteous or have done a better job under any possible conditions.

I want you to know that in addition to being sincerely appreciative to you I am deeply grateful for Mr. Tice's courteous personal relations in connection with the problem involved. One of my very best friends was connected with this and I appreciate the accommodations. It is just another instance where I am indebted to you as well as to your associate on the Coast.

Again thanking you, I am

Sincerely yours,

*Dave Beck*

DB mg  
cc Mr Al Tice



EXHIBIT No. 186

June 22, 1954

On or before December 30, 1954, for value received, we promise to pay to the order of Fruehauf Trailer Company the sum of One Hundred Seventy-Five Thousand and no/100 (\$175,000.00) Dollars with interest thereon until paid at the rate of five (5) per cent per annum, payable at maturity.

BROWN EQUIPMENT &amp; MFG. CO.

R. T. Martin  
Treasurer



EXHIBIT No. 187

December 8, 1953

Mr. Dave Beck  
352 Denny Way  
Seattle, Washington

Dear Dave:

Confirming our conversation, the Fruehauf Foundation has bought a large amount of Fruehauf stock and will buy a total of \$1,500,000 worth of Fruehauf common stock within a short time. I have personally endorsed the Fruehauf note in the amount of \$1,500,000, and in consideration thereof, 40 per cent of the stock bought by the Foundation is being sold to me at the Foundation's cost per share. I have already completed the purchase of 14,000 shares of stock from the Foundation at an average cost of \$25.77 per share. The entire transaction will be completed soon, and I will notify you the total cost of the stock and then the cost of the 40 per cent of the stock which I have bought from the Foundation.

I want you to have a copy of my agreement with the Foundation and I am attaching it herewith.

All the dividends that are received by me in excess of the amount required to pay income taxes will be used by me to pay against the cost of these shares. In this regard, I will make available to you my income tax returns so that you may know how much income tax is paid as a result of receiving these dividends.

Subsequently, when this stock is sold, the profit will be computed. One-half of the profit realized by me, after capital gains taxes and taxes paid on dividends, will then be given to you as a gift. In other words, you are to be the recipient of one-half of all net profit derived from the 40 per cent of stock referred to above. You are to receive such profit irrespective of source from which it may be derived and whether it be from dividends, directly or indirectly, or from capital gains.

It is my desire to make this gift to you, and I sincerely hope that you will accept it from me. Of course, it is understood that if there is a loss, the loss is mine and there is no obligation on anyone else.

Sincerely,

Alfons Landa

4:AN  
Enclosure

EXHIBIT No. 188

*Chic American 3/31/55*

## Union Backs Avery in Proxy Battle

Pictures on Pages 7 and 25

BY MEYER ZILGARTER

News of the victory of Ward's proxy over Avery's in the election of the International Brotherhood of Teamsters (IBT) was greeted with a sigh of relief by many workers.

Average workers of the company, who have been under the thumb of the company's management, are now free to elect their own representatives.

These workers, who have been under the thumb of the company's management, are now free to elect their own representatives.

1—Avery and Dave Beck, general president of the International Brotherhood of Teamsters (IBT), met to sign the agreement covering workers in the union. It was the first meeting between Ward's and the union.

2—Beck and James Hoffa, vice president of the teamsters, declared they would recommend that all divisions of the union holding Montgomery Ward stock vote their proxies for Avery in his battle with Wolfson.

3—The union is now free to elect its own representatives.

organized affiliate by Ward's for the first time as bargaining agent for its employees.

The union, which has been under the thumb of the company's management, is now free to elect its own representatives.

### IN HIGH SPIRITS

Beck, Avery and Beck appeared in high spirits at the ceremony, signing the agreement.

The union, which has been under the thumb of the company's management, is now free to elect its own representatives.

Continued on Page 3 (of 2)

## Peace Treaty



DAVE BECK (left) SEWELL AVERY  
After signing of Teamsters' Union pact

## Teamsters, Ward's Sign Agreement

Continued from Page 1

least 100,000 workers in the  
union.

Avery said:

"Our being together in this way is a friendly recognition of a spirit we are confident will continue for many years to come."

Beck said:

"We are entering into a relationship that will last for many years. I will recommend that branches of the International Brotherhood which have purchased Montgomery Ward stock vote the proxies with the present management. We have signed our agreement with this management, and we are doubly interested in the future of the company."

### PROVIDE CONTRACTS

The agreement provides for a larger contract to be signed with the company's management, order houses, five retail stores, and two warehouses.

Employees who are members of the union will receive pay raises and other benefits.

The agreement also provides for a larger contract to be signed with the company's management, order houses, five retail stores, and two warehouses.

### PAY NEGOTIATIONS

The agreement provides for a larger contract to be signed with the company's management, order houses, five retail stores, and two warehouses.

The agreement also provides for a larger contract to be signed with the company's management, order houses, five retail stores, and two warehouses.

## EXHIBIT No. 189A

June 28, 1955

## MEMORANDUM FOR FILES:

Re: Friedman - Boston Strike

I talked to Bert Seymour who was in Killarney and discussed my conversation with Mohn. I said that the information reaching Mohn from the Teamster organization is that Lane, who is Seymour's labor man, is not acting together with Adley and other important truckers, but they are making separate overtures to the Teamsters. Seymour said this is false, that Adley and Lane are spokesmen for all the operators.

It was obvious that Seymour has complete confidence in Lane and also in another AT Vice President named Davis who is in Boston in connection with this strike.

I then suggested the advisability of having Seymour himself go to Boston with Sonnenberg to publicize his arrival there. As President of AT and also of the AFL Committee, Seymour can personify the industry leader. If the timing is right, the entrance of such an important operator on the scene may be the factor which all parties will look to for a settlement. I offered to go to Boston myself either ahead of Seymour or with him, but I mentioned this only incidentally because of Seymour's vigorous support of his own people already there.

Roy Friedman got on the phone and said he thought my suggestion was a very good one. Roy wants to telephone him what Beck says about the strike situation; he knows that I plan to talk with Beck later this afternoon when he reaches the West Coast. Roy and Bert are going to think over my suggestion.

A. I. C.

11. 15

## EXHIBIT No. 189B

MEMORANDUM FOR :

$$\frac{1}{2} \left( \frac{1}{2} + \frac{1}{2} \right) = \frac{1}{2}$$

At 7:45, West  
more and expressed the opinion  
occasioned by the law which  
strike would not be justified  
receive proportionately the  
out for the West Coast and  
Partner that he believed  
tions were and that he  
failing to contribute to the

to the information provided in the  
solution of the problem.

NEW YORK, N.Y., Sept. 11, 1934.

associated with the  
times during which  
request to the  
I.A. at which  
it looked as  
themselves.

Headquarters [redacted] of Associated Press [redacted] Associated Press [redacted] as part of a campaign [redacted] England stated, [redacted] were permitted [redacted] Ass later [redacted] New York at [redacted] week.

CC: Mr. [redacted]



EXHIBIT No. 189D

August 2, 1955

Wallace H. Barker, Exec. Vice President,  
Fruehauf Trailer Company,  
Detroit 32, Michigan.

Dear Mr. Barker:

I enclose the correspondence relating to Fruehauf's labor situation at Albany which Mr. Mohn gave to me, and which I discussed with you on the phone this morning.

According to Mr. Mohn, at his request the Teamsters organizer in Albany was instrumental in settling promptly the strike at the Fruehauf plant. Subsequently, Fruehauf acted so as to exclude from an election the three Teamsters men at the plant. It is my understanding that no element of conflict exists between the Teamsters Union and the Machinists Union, which is also involved.

I will appreciate knowing what steps you feel can be taken in this situation so that I in turn can advise Mr. Mohn.

Sincerely,

Arthur D. Condon

Encl.

ll/lg

cc: Mr. Landa

## EXHIBIT No. 189E

August 11, 1945

MEMORANDUM FOR THE DIRECTOR

FROM: Roy F. Krenshaw

During I gave Roy Frenshauf the following  
 information by telephone:

On August 10, Commissioner Knudson told me that  
 a Mr. and Mrs. Knicker said that a letter to the cir-  
 cular of the A. F. of L. was in the area of the  
 A. F. of L. and Knicker, on the grounds that the  
 A. F. of L. was in the area of the deal engineered  
 by the A. F. of L. was said to be most critical.  
 Knicker said that the tactics given Knicker  
 by the A. F. of L. were:

1. To get the A. F. of L. to say in  
 the A. F. of L. that the A. F. of L. committee  
 was in the area of the A. F. of L. and Knicker, and  
 the A. F. of L. was in the area of the A. F. of L.  
 and Knicker, and the A. F. of L. was in the area of the A. F. of L.



EXHIBIT No. 189F

## MEMORANDUM FOR FILES

Re: [illegible]

Mr. Backus telephoned  
and Hoy informed that the  
plant should be [illegible]  
contract can be made with the [illegible]  
stead of with [illegible] *the plant*

At this time [illegible]  
Detroit since day [illegible]  
Thursday, [illegible]  
and with other [illegible]  
can be done to get the [illegible]

A. M. [illegible]

11/12

cc: Mr. Landa

EXHIBIT No. 189G

August 17, 1955

## MEMORANDUM FOR FILES:

Re: Fruehauf

Through Mr. Barker it was arranged that the Fruehauf branch in Albany would agree to a joint consent election. This solution is acceptable to both the Teamsters Headquarters and the Fruehauf labor relations advisors.

A. D. C.

ll/lg

cc: Mr. Landa

## EXHIBIT No. 190

Mortgage Loan Department

April 12, 1951

Mr. E. W. Brower  
President

Loan Number: 48716

Borrower: Dave Beck and Dorothy E. Beck, husband and wife.Amount and Term: \$273,000.00 - 10 years - repayable in annual principal installments of \$27,300.00, or more, plus interest payable monthly at the rate of  $3\frac{1}{2}\%$  per annum.Location: Seattle, Washington.Security: The note is secured by a mortgage on eleven pieces of property located in Seattle, Washington. The security covers the Beck home at 16749 Shore Drive Northeast. In addition to a very fine home they have added guest quarters, swimming pool with bathhouses, servants quarters and rental units occupied by top Union Members closely affiliated with Mr. Beck. The other security is strategically located tracts they have accumulated for investment. They appear to be in the future path of a move of Seattle business, and Mr. Beck says he has had recent offers considerably above our appraisal but is holding in the belief they will continue to advance in worth.Appraisal: Eleven parcels of property in Seattle, Washington, appraised by Claude E. Ryan on January 19, 1951, at \$415,400.00. Mr. Ryan certifies that his appraisal is based on his opinion that this valuation is the fair market value as of the date of appraisal. His comments in part are: "In near by area being developed rapidly." Another, "Development in area has stimulated real prices." Another, "A very good corner."Financial Data and General Information: Mr. Beck has for many years held position as Vice President of the International Brotherhood of Teamsters. He declined to give a statement of his salary and benefits from association with the Union, stating that he did not draw a large salary but was quite satisfied because this was his life work.His financial statement shows assets of \$1,056,716.65 with his only liability being a bank loan of \$234,000.00 to the Security First National Bank of Seattle. This unsecured note is at  $2\frac{1}{2}\%$  interest with no provision for prepayment retirement and is carried on a year to year basis. Mr. Beck has negotiated this loan in order to retire the bank loan and get his obligation on a basis of early retirement. The excess in the loan and the proceeds of \$40,000.00 loan are processing are to be used to complete the purchase of second addition 1 acre estate which he has pending.

In addition to the assets shown in Mr. Beck's statement he demands that he has at least \$1,000,000.00 in U. S. Government bonds in his safety deposit box that he held for any emergency. Mr. Beck has a heavy insurance policy with retirement reserves. His reputation is very highly respected, and he will promptly service this loan.

WMB:bm

## EXHIBIT No. 191

ALL PRINTED IN U.S.A.

**Occidental Life Insurance Company**  
OF CALIFORNIAINTER-OFFICE  
CORRESPONDENCE

FROM: Mortgage Loan Department

DATE: March 14, 1955

TO: Mr. H. W. Brower  
President

SUBJECT:

Loan Number: 48716Borrower: Dave Beck and Dorothy E. Beck.

Amount and Terms: The original amount of the loan was \$273,000, repayable over a ten year period, with annual principal instalments of \$27,300, or more, plus interest at  $3\frac{1}{2}\%$  per annum.

Present Balance: Principal is reduced to \$168,335.99, with interest paid to March 1, 1955. The loan is presently being liquidated on a monthly payment plan of \$2,275.00 plus interest. For a time Mr. Beck made extra payments, but in order to take care of some outstanding indebtedness, his program was changed and he is presently back on the monthly payment plan.

Proposal: Mr. Beck has requested a release of his home property located at 16749 Shore Drive N.E., Seattle, Washington, the reason given for this request being that he would like to take advantage of the Union's Employee Benefit Program which permits him to borrow up to twice the amount of his annual salary on his home. He plans to borrow \$100,000 from this source and apply it on a bank loan, not only to take advantage of the low interest and liberal terms but primarily to get a short term loan financed over a long period. The only indebtedness he has outstanding in addition to that he owes Occidental is the mentioned loan to the Bank in the amount of \$200,000. Simultaneously with the borrowing from the Union he will apply to us for a \$100,000 loan on another piece of property and refinance the bank loan so that while he will not change his debt structure, he will put it on a long term basis.

Other Indebtedness: We also carry loan #49377 for Mr. and Mrs. Beck, which was in the original amount of \$40,000 and is presently reduced to \$24,513.84, with interest paid to March 1, 1955. Payments on this loan have also been made promptly.

Appraisal: Our Seattle appraiser, Claude M. Ryan, has rechecked his appraisals made January 19, 1951, and has indicated that they are all equal or greater in present day market value. These evaluations total \$315,400.

Remarks: Mr. Beck has advised that his worth today is in excess of \$1,250,000 and has set out his only debts as being the two Occidental loans and the \$200,000 he owes the Bank. On the property at 4660 East Marginal Way, there remains approximately \$6,000 which he is in the process of paying off, and after this has been done, his bank account will be in the neighborhood of \$60,000. His annual salary from the Union is \$50,000, and he has advised that his outside income, rents, dividends and interest, is in excess of that amount.

Mr. H. W. Brower

- 2 -

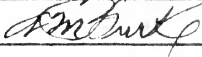
March 14, 1955

Recommendation: In view of the prompt payment record we have had on this loan and the percentage of present loan to evaluation of the property, I recommend release of the home property at 16749 Shore Drive N. E., Seattle, without requiring any payment on our existing loans.

AMB:bm

I agree

Howard J. Bane 3-15-55



See communication letter  
- sent to Dept of Justice  
- re: release of home  
- re: the action

3/17/55  
See legal file.  
Re: physical  
release of mtg  
at 74

EXHIBIT No. 194

April 16, 1952

Mr. John F. Miller, Executive Vice President  
Vincent D. Miller, Inc.  
4th Avenue and Seneca Street  
Seattle 1, Washington

Dear Mr. Miller:

Several days ago one of the tenants in the property at 841-843 1/2 South Union Avenue called and advised that the utilities were going to be shut off in the morning. Mr. Lick went to the gas company and the water company and offered to make a cash deposit and requested them to change the service and bill you direct. We offered to guarantee payment but apparently that would not suffice. Mr. Lick qualified so that the service has been continued under his name.

Last evening we had another telephone call, and I went out and picked up the enclosed application for gas service which is made out in Mr. Lick's name. It seems to me that if you want these bills to go to you direct, you may fill out the application and mail in the enclosed envelope. If you wish Jackson Diggs to pay the utilities, I would suggest that you send the form to him at 4016 Wilshire Boulevard, Los Angeles 5, so that he may make arrangements to get the bills and follow through. This may all be out of order, for you may have instructed Mr. Diggs after you received Mr. Hession's letter of advice.

Yours very truly,

A. M. Burke, Manager  
Mortgage Loan Department

AMB:bm

cc: Mr. Simon Wampold

Dear Sir: When I was out on this property last evening, I noted that the property at 837 S. Union was vacant. I understand that you recently acquired this, and I found a number of youngsters in there playing. Both the front and back doors and one window were open and I attempted to close them. However, there was a pane of glass out, and I would anticipate they went back in as soon as I left.

Incidentally, in the property acquired by Mr. Miller, I understand one of the tenants has moved and another contemplates moving and that there is some friction between the other tenants, which undoubtedly will have to be straightened out. It may be that you are not too concerned as to occupancy, etc., but in any event I thought I would pass the information on to you for whatever it is worth.

Best regards!

A. M. B.

## EXHIBIT No. 195

April 18, 1952

Mr. Dave Beck  
552 Denny Way  
Seattle 9, Washington

Dear Dave:

We have inspected the property at 2239 Vista Del Mar Place and find it to be an irregular shaped lot on the southwest line of Vista Del Mar Place approximately 203 feet northwest of Vista Del Mar Avenue, legally described as Lot 70 of Tract 5917.

The house, 24 years old, is a one story stucco on frame, single family residence, wood gable shingle roof, consisting of six rooms (3 bedrooms and 2 baths), with two-car garage detached. The house has an area of 1672 square feet and the garage 400 square feet.

The lot is very well landscaped, sprinklers are in, and there are a number of retaining walls. The kitchen floor is covered with linoleum, tile in the baths, with oak floors throughout. There are a fireplace and unit heat, with automatic water heaters. Street is macadam.

The general condition of the house is good, both interior and exterior. It probably would have a present day rental value in excess of \$150. It is in a good class residential area in the Hollywood Hills just north of Franklin Avenue on the west side of Beechwood Drive. The area is 100% developed, is two blocks from bus line, five blocks from school, and three blocks from markets.

The present owner paid \$23,500 for the property a year ago and spent \$5,000 for renovation. Because of the age and the fact that it is a hillside property, it might not sell too readily at more than \$20,000, but to anyone who wants such a property and can use it, it would appear to me to be priced attractively at \$20,500, with the drapes included. To an acceptable borrower we would have no hesitancy in loaning up to 60% of the purchase price.

When Mr. Frankowski calls, I will go into this matter further for you and advise. If there is anything that I have overlooked in this matter, will you drop me a line.

Best regards!

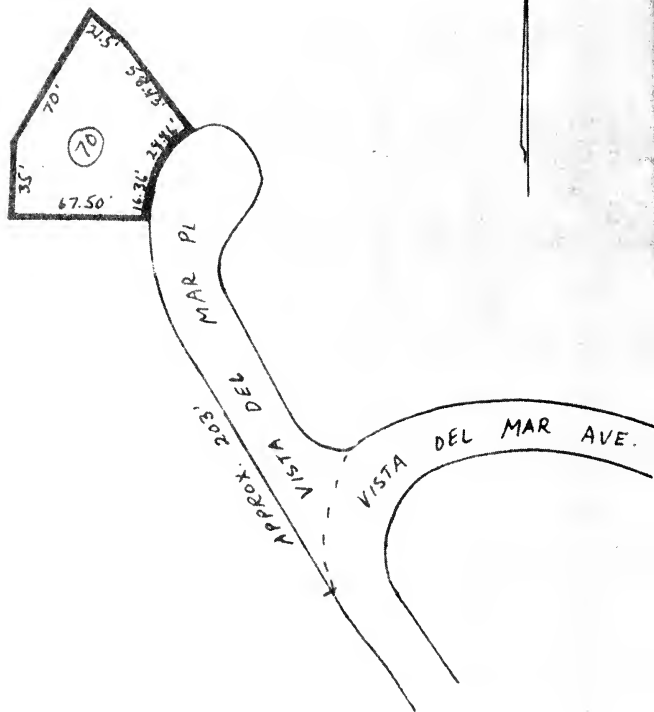
Sincerely yours,

A. M. Burke, Manager  
Mortgage Loan Department

AMB:bm

3130 Vista Del Mar Place  
Los Angeles, California

Lot 70 - Tract 5917





3422

## APPRAISER'S REPORT ON CITY REAL ESTATE

PROPERTY ADDRESS 2239 Vista Del Mar Place City Los Angeles State California  
 PROPERTY DESCRIPTION: approx.  
irregular  
 Lot fronts 30 Feet on SW Line of Vista Del Mar Pl. 203 Feet NW of Vista Del Mar Avenue  
Lot 70 - Tract 5217

## IMPROVEMENTS:

A. (Type - Construction - Foundation - Areas - Rooms - Roof - Garage - Etc.) Value Each Building Separately

Approximate age 24 Years

1 story stucco on frame single family residence - wood gable shingle roof - 6 rooms (3 Bed Rooms), 2 baths - 2 car garage detached.

House	1672 SF @ \$7.99	12,350.00
Garage	400 SF	650.00
Other Values: Walks, Sprinklers, Retaining Walls		2,000.00

B. (Detail)

FLOOR	WALL	TRIM	Fireplace
Kitchen <u>Linoleum</u>	<u>Plaster</u>	<u>Oregon Pine</u>	<u>Unit Heat</u>
Bath <u>Tile</u>	<u>" (Tile Wainscote)</u>	<u>"</u>	<u>Water heaters</u>
Hall, Dining & Living Rooms <u>Oak</u>	<u>"</u>	<u>"</u>	<u>Refrigeration</u>
Others <u>"</u>	<u>"</u>	<u>"</u>	<u>Gas &amp; Electricity</u>
Type of street pavement <u>Macadam</u>	Sidewalk <u>No</u>	Sewered <u>Yes</u>	Water system City <u>Yes</u> Private <u></u>

## GENERAL CONDITION:

Interior GOOD Exterior GOOD Grounds GOOD

Recommendation. Paint  Paper  Renovate  Repair  Termite inspection  Est. Cost \$

## RENTAL INCOME AND OCCUPANCY:

Income per month \$ OWNER OCCUPY Normal rental value per month \$ 150.00 plus Terms of tenancy

## SURROUNDING DISTRICT:

(Character - Trend - Appeal - Special hazards - Etc.)

GOOD CLASS RESIDENTIAL LOCATED IN HOLLYWOOD HILLS JUST NORTH OF KENTLIN AVE. ON THE WEST OF BEECHWOOD DR. AREA ABOUT 100' DEVELOPED WITH GOOD CLASS CONDOMINIUMS. NONE SEEN

Distance from (A) Car or bus line 2 blocks (B) School 5 blocks (C) Markets 3 blocks (D) Business Center Hollywood  
 (Give full details if applicant's property fails to conform to that of neighborhood)

## GENERAL REMARKS:

THIS IMPROVEMENT IS GOOD HILLSIDE CONSTRUCTION. PRESENT OWNER STATED THAT THEY PAID \$23,500.00 FOR PROPERTY ONE YEAR AGO AND SPENT AN ADDITIONAL \$5,000.00 FOR RENOVATION WORK. HUSBAND WHO IS BLIND WORKS FOR NORTHROP AIRCRAFT CORP. AND WANTS TO BE CLOSER TO EMPLOYMENT, HENCE REASON FOR SELLING.

APPRAISEMENT: Indicate in diagram, distances, dimensions and street names.

Land \$ 5,000.00  
 Impr. \$ 15,000.00  
 Total \$ 20,000.00

## NOTE:

If construction loan, attach separate letter giving full detailed description and estimated value of proposed building as figured from plans and specifications.

SEE PLAT ATTACHED

I certify the foregoing to be true and correct to the best of my knowledge and belief.

Dated April 18, 1952

C. J. Link, Christ

Appraiser

File

E.D. 8-1

15

## CREDIT MEMORANDUM

April 21, 1952

~~222 York St. New York, New York~~

Friday evening I talked to Mr. Frankfort, and he advised me that the loan on the property was present all they needed in the way of financing.

What they wanted to be certain of was that it would not be in an area where we would not loan and to get some idea of the amount of loan we would make.

I told him of my letter to Mr. Beck, and he is planning to call him to discuss their acquisition of the property the first part of this week.



A. M. Burke, Manager  
Mortgage Loan Department

AMB:tm

EXHIBIT No. 196

## NATIONAL MORTGAGE, INC.

A WASHINGTON CORPORATION  
224 DEXTER AVE. EL. 9010  
SEATTLE 9, WASH.

January 13, 1955

Occidental Life Insurance Company of California  
1151 South Broadway  
Los Angeles 54, California

Attention: Mr. Thomas S. Hession  
Assistant Secretary

Re: Criterion Films, Inc.  
306 Fairview North

Dear Mr. Hession:

During my various visits with you at your home office, I believe it was quite thoroughly understood between the two of us and the others of your company that you would not be interested at this time in any conventional loans. The enclosed offering, however, is submitted to you regardless of that understanding for various reasons. First, I personally believe it to be a very good loan. Second, it is on terms which I feel should be attractive to your company. Third, I believe it is of extra value to you because of some of the stockholders of the corporation. I want to call specifically to your attention that Mr. Dave Beck, International Teamsters Union, is one of the principle stockholders of the company.

I would appreciate it, therefore, if you would carefully review the enclosed offering papers and see if it would not be possible to include this in your portfolio which we are servicing for you. As I herewith present it for firm commitment, it is for a twelve year five per cent conventional mortgage in the sum of Twenty Four Thousand Dollars (\$24,000).

Please find enclosed the following papers:

1. Loan Analysis
2. Signed Loan Application
3. Satisfactory Credit Report (2)
4. Letter giving a resume of the company's operation
5. Partial list of the Mortgagor's clients
6. Financial Statement covering six month period ending August 31, 1954, together with Balance Sheet and Operating Statement.
7. Complete Appraisal report, including photographs
8. Original Building Blueprints

Mr. [redacted] [redacted]

January 11, 1934

Page 2

A brief review of the papers for consideration on your part should include the following:

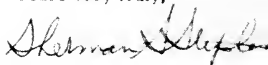
Criterion Films, Incorporated has been in business five years and as stated in the President's letter, the firm is now established on a firm footing and for the past three and one-half years has shown a profit besides paying substantial salaries to officers and personnel. We are informed that these annual net profits have fluctuated between \$600 and \$6000. Approximately four years ago the Applicant entered into an exclusive lease and purchase agreement wherein the entire rental of \$450 monthly was to be applied towards the purchase price of the property. The company paid promptly for thirty-six months and there is now remaining the sum of \$27,000 of this purchase agreement. The original owner assigned the contract to the present holder, whose name appears on the application. Although the company has paid the rental promptly to the present contract holder, the monthly rental since the date of the assignment is not being credited towards the reduction of the original purchase price and the Company is, therefore, quite anxious to take up its option.

Your attention is directed to the fact that the building is not only well built and well located, being only approximately five blocks east of our location, but will very admirably adapt itself for either office and/or business use because of its construction and layout.

The Board of Directors and Stockholders, at their next regular meeting, will authorize and pass a resolution giving authority to the Company officers to execute the necessary mortgage documents in the name of Criterion Films, Incorporated.

I would appreciate your comments at the earliest possible moment.

Yours very truly,



Sherman S. Stephens  
Secretary-Treasurer,  
and General Manager

SSS/hlb  
Enclosure-  
Air Mail

## EXHIBIT No. 198

February 17, 1955

Criterion Films, Inc.  
306 Fairview North  
Seattle, Washington

Attention: Mr. V. G. Witt, President

Gentlemen:

This letter will confirm my telephoned report to you a few days ago wherein we informed you that we had received a firm commitment from one of our principals approving a first mortgage loan on the property your company occupies at the above address.

The loan was approved at \$24,000.00 to amortize in 12 years with monthly payments to include interest at 5%. The monthly payment of \$221.98 is to be augmented by an amount equal to 1/12 of the annual real estate taxes and hazard insurance premium. The mortgage will provide for pre-payment privileges as follows:

Additional payments in excess of those required above may be made on this note on any installment payment date in an amount equal to one or more next ensuing consecutive principal payments provided such additional payments do not exceed 20% of the original principal amount of this note in any one twelve month period, calculated from the date interest first accrues hereon, and that such additional payments are applied on the next maturing principal installment. This privilege shall be non-cumulative. This note may be paid in full after 30 days notice to the holder on any installment payment date by paying the following bonus payment in addition to the unpaid principal amount and accrued interest: (a) 3% of the original principal amount if paid during the first two years following the date interest first accrues hereon, (b) 2% of the original principal amount if paid during the third and fourth years following the date interest first accrues hereon, or (c) 1% of the original principal amount if prepaid in full after said fourth year.

Criterion Films, Inc.  
Seattle, Washington

Page 2  
February 17, 1955

We trust that you have requested the Secretary to call a special meeting of your Board of Directors for the purpose of authorizing the company officers *and directors* to sign the required documents. *And stockholders*

Very truly yours,

NATIONAL MORTGAGE, INC.

H. F. Fiehart  
Asst. Vice-President

b  
f  
r  
/  
v  
•  
Mr. Witt says Mr. Beck will sign -  
I told him we couldn't close loan -

EXHIBIT No. 198A

See spec mtg of Bd of Directors  
 (may not be then. of Bd. on appropriate  
 paper they sign containing written notes.  
 State. also subject of disagreement was  
 placement & execution. Of men & go down of  
 \$1000 - 12 yrs 5% to race mtg & spec.  
 and it was passed, recorded & carried  
 unanimously that the Co. of spec. be  
 attempted to execute the required  
 documents in name of Co. five locations &  
 time of meeting & names of directors attending  
 sent to record us  
 copy of minutes  
 & specifications.  
 Also, corp. seal tags on mtg & note.

EXHIBIT No. 198B

CORPORATE RESOLUTION OF AUTHORITY

"Resolved that Seattle-First National Bank is hereby selected as a bank of deposit for the Occidental Life Insurance Company of California Conventional Mgtg. Trustee Account funds of this corporation, which may be withdrawn on checks, drafts or advices of debit given or signed in the corporate name by any **One** of the following:

SPECIFY NUMBER

**Don Hedlund** (or) **Gwen Babcock** or  
**Sherman S. Stephens** or  
**U. H. Roine** or  
**Madeleine A. Nunn** or

each of whom is also authorized to draw and accept drafts and execute contracts and other agreements between the bank and the corporation, and to collect, discount, negotiate, indorse and assign, in the corporate name, all checks, drafts, notes and other paper payable to or by this corporation; and all such paper, signed as aforesaid, including checks payable to the order of any one or more of said persons or to bearer shall be honored by the bank and charged to our account. Endorsements for deposit may be made by rubber stamp and shall bind the corporation to the same effect as though signed by the properly authorized officer(s). This authority shall continue in force until notice in writing of its revocation shall have been given to and received by the bank. All transactions aforesaid which have taken place heretofore are hereby confirmed and ratified.

We, **Don Hedlund**, the **President**  
 and **Sherman S. Stephens**, the **Secretary**

of **National Mortgage, Inc.**  
 hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the board of trustees of said corporation at a meeting duly and regularly called and held on **March 17, 1955** and that said resolution is duly recorded and appears in the minute book of said corporation, and has not been altered, amended nor revoked.

In witness whereof we have hereunto set our hands and the seal of said corporation this **17th** day of **March**, 19 **55**.

SEAL OF CORPORATION  
 MUST BE AFFIXED

*Don Hedlund* PRESIDENT  
*Sherman S. Stephens* SECRETARY



EXHIBIT No. 198C

## NATIONAL MORTGAGE, INC.

A WASHINGTON CORPORATION  
224 DEXTER AVE. SEATTLE 9, WASH.  
EST. 1910

February 25, 1955

Mr. Thomas S. Hession  
Assistant Secretary  
Occidental Life Insurance Company of California  
1151 South Broadway  
Los Angeles 54, California

Dear Tom:

In reply to your letter of February 15 relative to setting up the bank account for the Criterion loan, I wish to advise you that we will use the Seattle First National Bank as we have on our previous accounts, and that the following officers will sign collateral: Don Hedlund or Gwen Babcock or Harold F. Fleharty, and Sherman S. Stephens or John H. Frame or Donald H. Brown. The checks on the bank account will be signed by any one of the following: Don Hedlund, Gwen Babcock, Sherman S. Stephens, John H. Frame, Madeleine A. Nunn.

If you will forward us the usual forms for our completion, we will execute same and return them to you immediately.

I sincerely appreciate your consideration of our request for acceptance of loans in the cities north of us. We are currently getting together additional data on each one of them, and as rapidly as I have accumulated sufficient for each city to give you a better over-all understanding of the territory, I will forward the material to you.

Thanks again.

Sincerely yours,



Sherman S. Stephens  
Secretary-Treasurer  
and General Manager

SSS/hlb  
Air Mail

EXHIBIT No. 198D

*Adm. Mail*

*1 1 1955*

*1 1 1955*

*11.11.1955*

*1 1 1955*

*1 1 1955*

*1 1 1955*

**Occidental Life Insurance Company of California**

**Conventional Mfg. Trustee Account**

**CORPORATE CHECKING ACCOUNT**

To Seattle-First National Bank:

The undersigned corporation hereby opens a checking account in conformity with its Corporate Resolution, a copy of which is on file with the bank.

The Corporation agrees to be bound by Rules and Regulations Governing Checking Accounts of SEATTLE-FIRST NATIONAL BANK, (receipt of a copy of which is hereby acknowledged), and by any changes, modifications or additions thereto, which Rules and Regulations are posted at all times in the lobby of the bank.

The following signatures are authorized by this account:

<i>Paul H. Lund</i>	President
<i>James B. Brown</i>	Vice-President
<i>Herbert Stephens</i>	Treasurer
<i>W. B. Raifer</i>	Asst. Treasurer
<i>Charles E. Brown</i>	Bookkeeper

Date: 3-17-55 Address: 224 Dexter Seattle, Wash.

EXHIBIT No. 198E

**Occidental Life Insurance Company**

OF CALIFORNIA

INTER-OFFICE  
CORRESPONDENCE

Mortgage Loan Department

DATE: February 14, 1955

Investment Committee

SUBJECT: Loan Application  
Criterion Films, Inc.  
Seattle, WashingtonApplicant: Criterion Films, Inc., a corporationLoan Applied For: \$24,000 - 12 years - 5% - prepayment privilege 20% each year without bonus, 3% of original amount during first 2 years, 2% during next 2 years and 1% thereafter. Monthly payment \$221.98.Security: First lien upon one story concrete block office building at 306 Fairview North, Seattle, Washington.Appraisal: This property was appraised on November 23, 1954 by Frank C. Ryan Seattle Appraiser at \$40,000.00. The land value in this appraisal is \$13,000.00. The property consists of a lot 40 feet by 120 feet improved with a one story concrete block building having an area of 3278 square feet. Although used for offices and photographic studios it is a general purpose type building with functional flexibility. It is well located in downtown Seattle.History of applicant: Applicant was incorporated in 1949. It is engaged in the production of documentary and business films for labor and industry to be used in television broadcasting. Its clients include many of the larger businesses and industries in the Northwest area. A partial list of these clients is attached as Exhibit A. The stock in the corporation is held as follows:  
Class A - Dave Beck, Teamsters Labor Executive 310 shares; [redacted] 5 shares.  
Class B - Ernest D. Jones 80 shares; E. H. Johnston [redacted] 201 shares.Purpose of Loan: To exercise option of purchase [redacted] purchase property. Four years ago applicant entered into a lease on [redacted] premises wherein the rental of \$450.00 a month can be applied toward the purchase price of the property. Through the exercise of this option to purchase applicant can secure title to property by paying a balance of \$27,000.00. All payments under lease are paid to date.Financial Condition of Applicant: On August 31, 1954 applicant had current assets of \$26,275.00 with current liabilities of \$6,604.69. Its total assets were \$43,863.00 with a net worth of \$37,258.00. Although the company has not operated profitably since its start much of this was due to losses occurring during its first 18 months of operation due to the Federal Communications Commission freeze on television operations. During the last few years its operations have been profitable and its outlook is favorable, due to the number of new television stations in the northwest area and the trend toward filming of short subjects for television.Recommendation: It is recommended that the committee approve the above loan in the amount of \$24,000.00 to Criterion Films, Inc. loan to be serviced by

-2-

National Mortgage, Inc., at a rate of 1 1/2 per annum. Reserve deposits for the payment of taxes and interest to be collected monthly on the loan. The loan will be acquired from National Mortgage Inc., by assignment at par.

*Thomas S. Hession*  
Thomas S. Hession  
Assistant Secretary

T.H.H.m

APPROVE:

APPROVE:

APPROVE: - EMPLOYEE

MORTGAGE LOAN

*Miss E. D. Taylor**Edward J. Brown 4/1/51**Edward J. Brown 4/1/51**Edward J. Brown 4/1/51*

*Edward J. Brown*  
*Edward J. Brown*  
*Edward J. Brown*

ALCOHOLIC BEVERAGES

Rainier Beer  
Olympia Beer  
Alt Heidelberg Beer  
Sick's Beer  
Budweiser Beer  
Lucky Lager Beer  
Nawico Wines  
Columbia Ale

NON-ALCOHOLIC BEVERAGES

Squirt  
Par-T-Pak  
Glench  
Money Dew  
White Rock

DAIRY PRODUCTS

Arden Farms  
Alpine Dairy  
Danigold Farms  
Hessowood Products  
Hessowood Butter  
Kristoferson Dairy  
Mrs. J. Stone Dairy

BAKED GOODS

Bushman's  
Hansen's  
Herring Fresh  
Herring Fresh (Cakes)  
Hansen's (Cakes)  
Davieson's (Portland)  
Jordan's (Taco)  
Van de Vant's

DAIRY PRODUCTS

Hansen Dairy Products  
Johnson Mfg. Co.  
Hansen Dairy Products  
Star Line Dairy Company  
Skyway Dairy  
Stanford Creamery  
Preservative Dairy

MEATS AND POULTRY

Seattle Meat Market  
Baker's Meat Market  
Fidelity Meat Market  
U. S. Meat Market  
First National Meat Market  
General Insurance & Finance  
Federal Meat Market

CONDIMENTS

Candies Mountain Bar  
Almond Rock  
Fun Bar  
Candies Mountain Bar  
Daisies  
Jergensons

Candies Superior Candy Shop

Candies Valley's  
Blue Bell  
Willows

Candies Candy Shop  
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22-100-10-10

RETAIL STORES

Clothing: Frederick and Nelson  
The Hot Marche  
Rhodes  
Vahey Brockman  
Lundquist Lilly  
Klopfenstein's  
Littler's  
Martin and Bolmann  
Pacific Outfitting Co.  
Lumpertman's Mercantile  
Pacific Fur Company

Jewelry: Goldsmith's  
Lundquist  
Lundquist (Jr.)  
Lundquist  
Lundquist

Music: Sherman and Clay  
Hopper Kelly

Furniture: Prottas and Leavitt  
Hawell and Nelson  
Hawell's

Hardware: Lewis Hardware  
Armstrong's  
Wood and Hardware (Tampa)  
Potlatch Lumber Company

Appliance: Burns and Car Counsel  
Pac Electric Company

Shoes: MacLennan's  
Dunell's

Food: Associated Grocers  
Thrifting Food Stores  
A & W Supermarkets  
Hart's Food Stores

Drugs: Smith's

A-PLINCEB

Amberl-Bell  
Crosley  
Estate Bank  
T. Van R. Lee  
Foster Hot Water Heaters  
Leaf Speed Follower  
Senix Television  
Aqua Mucets

DES

Utilities: Pacific Tel & Tel  
Portland Gas and Electric

Cleaners: Al Phillips Sundry Service  
Gartesian Rug Cleaners  
Troy Cascade Laundry  
Tentorium Dry Cleaning

Fuel & Oil: Sardaki Oil  
Clapper Oil Company  
Electric-Matt  
Hawell's Fuel  
Hawell's Fuel  
Hawell's Fuel

Transportation: Mountain Terrace  
Portland Snowmobile Center  
Delridge Bros

Transportation: Wash. State Ferries  
West Coast Air Lines

Transportation: (Tampa)  
Hawell's

Transportation: (Tampa)

Transportation: (Tampa)

TRADE

American (St. Louis)  
Baker (Portland)  
Yuan Cadillac  
Commercial Auto  
Pacific Union (Tampa)  
E. L. Gilling, Inc.  
G. L. Gilling, Inc.  
D. L. Gilling, Inc.  
G. L. Gilling, Inc.  
General Fire  
American Fire and Marine

INDUSTRIES

Rice (Medford)  
Surface (Tampa)  
Alaska (Tampa)  
Thompson (Tampa)  
Hawell's Fertilizer  
Hawell's Fertilizer  
Hawell's Fertilizer  
Hawell's Fertilizer  
Hawell's Fertilizer  
Hawell's Fertilizer

Seattle Council of Churches

TELEVISION SHOWS

"This is Longacres" 13 each season  
 "Golf With Geo. Howard" 13 shows  
 "Meet the Midgets"-cars 6 shows

FEATURE FILMS

Washington State College  
 University of Washington  
 University of Alaska  
 Standard Oil Company  
 Wakefield Deep Sea Crab  
 Pollution: Abatement Council  
 Associated Boys' Clubs  
 Pacific Car and Foundry

PITCH ARTISTS

Mrs. Lillian Wheeler - Food Slicer  
 Mr. Robert Ryan - Grater & Slicer  
 Begonia Bulbs  
 Gladiola Bulb Garden

POLITICAL

Henry Jackson Warren Magnusson  
 Walter Williams Allan Ponerooy  
 Albin Barkely Higo. R. Mitchell

Services .....EDITING OF SHOWS  
(Commercial)

I LED THREE LIVES (Richard Carlson)  
 RAINTER PLAYHOUSE  
 CROWN THEATRE (Gloria Swanson)  
 THE CISCO KID  
 WHAT'S YOUR TROUBLE (Norman Vincent Peale)  
 CHINA SMITH (Dan Duryea)  
 AMERICAN WIT & HUMOR (Thomas Mitchell)  
 SHOWBIZMEN'S CLUB  
 THREE WIVES  
 WASHINGTON SPOTLIGHT (Marquita Gault)  
 RINGSIDE WITH WRESTLERS  
 COMEDY THEATER (Arthur Shields)  
 JENS ASTRY

SLIDES

All snapes and sizes, to fit all makes  
 of equipment.

## EXHIBIT No. 201

From **CITY AMUSEMENT CO.****PEOPLES FIRST AVENUE BANK SEATTLE WASHINGTON**

I, the undersigned

*Jes. C. Newell*

am the sole owner and proprietor interested in the business conducted under the name of

*City Amusement Co.*

which is not incorporated.

You are hereby authorized to sign the signature of either myself or

on all checks drawn on this company. You are further

authorized to cash for

myself or accept for deposit

to the personal credit of either

cash, checks, notes, drafts, certificates of deposit, or any other negotiable

instrument made payable to

when endorsed by either

or myself for said company.

This authority is to remain in full force until a written notice to the contrary is received by said bank and then it shall terminate at the date of such notice.

+ *Jes. C. Newell*

Address

Date

*5-1-42*

Telephone No.

*Im 3256*

Business or Occupation

*Pini Ball Games*

Formerly at

Bank Acct at

*Jes Newell Co and here*

Bank Reference

Introduced by

Refers to

Identified by

*George does not connect by name  
to Pini out in connection this Co.*

Initial

Deposit \$ *1500*

Account

Opened by

*OTM*

Form No. 2070



PEOPLES BANKS  
SEATTLE, WASHINGTON

CITY AMUSEMENT CO.,  
% GEORGE C. NEWELL,  
866 DEXTER HORTON BLDG.,  
SEATTLE 4, WASH.

F

DATE	CHECKS	DEPOSIT	BALANCE
		DEC 31 '54	1,270.56
1,000.00-		FEB 4 '55	270.56*
.54 M		MAR 24 '55	270.02*

PEOPLES BANKS  
SEATTLE, WASHINGTON

CITY AMUSEMENT CO.,  
% GEORGE C. NEWELL,  
866 DEXTER HORTON BLDG.,  
SEATTLE 4, WASH.

7

DATE	CHECKS	DEPOSIT	BALANCE
		DEC 31 '53	1,270.56

DEPOSIT TO THE CREDIT OF

*City Amusement Co*

WITH  
 19-89 FIRST AVENUE BRANCH 19-89  
 PEOPLES NATIONAL BANK OF WASHINGTON  
 SEATTLE, WASH. *Mar. 10 1952*

IN MAKING THIS DEPOSIT THE DEPOSITOR HEREBY AGREES  
 TO THE CONDITIONS STATED ON THE BACK HEREOF AND  
 WHICH HAVE BEEN READ BY THE DEPOSITOR

PLEASE LIST EACH CHECK SEPARATELY

CURRENCY	DOLLARS	CENTS
SILVER		
CHECKS AS FOLLOWS KINDLY DESCRIBE ITEMS DEPOSITED BY USING THE DOUBLE-NUMBER WHICH FOLLOWS NAME OF THE BANK ON EACH CHECK	XX XXXXX	XXXX
1		
2	<i>19-84</i>	<i>1000 00</i>
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
TOTAL \$	<i>1000 00</i>	

SEE THAT ALL CHECKS AND DRAFTS ARE ENDORSED

DEPOSIT TO THE CREDIT OF

*City Amusement Co*

WITH  
 19-89 FIRST AVENUE BRANCH 19-89  
 PEOPLES NATIONAL BANK OF WASHINGTON  
 SEATTLE, WASH. *March 9 1952*

IN MAKING THIS DEPOSIT THE DEPOSITOR HEREBY AGREES  
 TO THE CONDITIONS STATED ON THE BACK HEREOF AND  
 WHICH HAVE BEEN READ BY THE DEPOSITOR

PLEASE LIST EACH CHECK SEPARATELY

CURRENCY	DOLLARS	CENTS
SILVER		
CHECKS AS FOLLOWS KINDLY DESCRIBE ITEMS DEPOSITED BY USING THE DOUBLE-NUMBER WHICH FOLLOWS NAME OF THE BANK ON EACH CHECK	XX XXXXX	XXXX
1		
2	<i>951</i>	
3		
4	<i>19-84</i>	<i>1000 00</i>
5	<i>1,000.00</i>	
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

TOTAL \$ *1000 00*

SEE THAT ALL CHECKS AND DRAFTS ARE ENDORSED

PEOPLES BANKS  
SEATTLE, WASHINGTON

CITY AMUSEMENT CO.,  
% GEORGE C. NEWELL,  
866 DEXTER HORTON BLDG.,  
SEATTLE 4, WASH.

F

A

DATE	CHECKS	DEPOSIT	DATE	BALANCE
AMOUNT BROUGHT FORWARD			DEC3151	770.56
		1,000.00	MAR1052	1,770.56*
500.00-			MAR1752	1,270.56*

PEOPLES BANKS  
SEATTLE, WASHINGTON

CITY AMUSEMENT CO.,  
% GEORGE C. NEWELL,  
866 DEXTER HORTON BLDG.,  
SEATTLE 4, WASH.

F

A

DATE	CHECKS	DEPOSIT	DATE	BALANCE
AMOUNT BROUGHT FORWARD			DEC3152	1,270.56

## EXHIBIT No. 202

## RESULTS OF STATISTICAL DIVISION AND BROKER MEETING WITH

## OCCIDENTAL LIFE INSURANCE COMPANY

January 12, 1956

1. All Tenaster cases start anew as of January 1, 1955--past debits are wiped out but all present credit or surpluses are retained by our Trusts.

Total surplus-----\$585,946.00

2. Profits will be reduced by the Company from 2 $\frac{1}{2}$ % to 2%. Savings to us \$85,000.00

3. Occidental overhead will be reduced from 2.2% to 1.2%. Savings \$170,000.00

4. Reduction in Brokers Commission from 4% to 2%-----\$80,000.00

5. Interest on all surplus funds to be paid by Occidental at rate of 2%.

Total return of hidden profits, Company overhead, and other

hidden items-----\$20,946.00

## EXHIBIT No. 204

NATHAN W. LEFFERMAN  
 75 E. Wacker Drive  
 Chicago, Illinois

INTERNATIONAL BR. THE SCHOOL OF LEADERSHIP  
 CHAUFFEURS, WAREHOUSEMEN & HELPERS  
 222 EAST MICHIGAN STREET  
 INDIANAPOLIS, INDIANA

For services rendered in connection  
 with purchase of land..... \$100.00

THE ABOVE IS A RECEIPT FOR  
 BY THE GENERAL OF THE ORDER

Approved Daniel J. Tobin  
 DANIEL J. TOBIN

Received payment  
 June 20, 1949

Nathan W. Lefferman


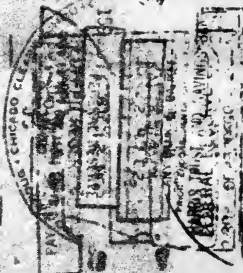
		<b>UNITED STATES DEPARTMENT OF THE TREASURY</b> <b>WASHINGTON, D. C.</b>		<b>No. 691</b>	
<b>DATE</b> JUN 20, '49		<b>CHECK NO.</b> 691		<b>PAID TO THE ORDER OF</b> NATHAN W. SHEFFERMAN	
				<b>AMOUNT</b> ***12000 00*	
				<b>TO INDIANA NATIONAL BANK</b> 20-5 INDIANAPOLIS, INDIANA	
				<i>John F. England</i> GENERAL SECRETARY-TREASURER	
					
				<i>Nathan W. Shefferman</i> <u>For deposit only</u>	

EXHIBIT No. 205



Registered Emblem

Building Association

**JOINT COUNCIL OF TEAMSTERS No. 28**

Affiliated with the American Federation of Labor

DAVE BECK, President F. W. BREWSTER, Sec'y Treasurer

552 Denny Way • Eliot 2544

**SEATTLE 9, WASHINGTON**

January 1 1954

Balances Brought forward

Assets

Olympic Steam Heating (due)	500.00
John C. Stevenson	3,422.89
Club of Vets. of Foreign Wars	3,500.00

Liabilities

Loan from Joint Council #28	Legislative Fund	15,000.00
"	" Highway Fund	6,500.00
2 "	" Convention Fund	17,000.00
"	Local #174 Benefit Fund	36,000.00
"	Western Conference Of Teamsters	3,000.00
"	" 1-4-51	4,000.00
"	" 2-19-51	5,000.00
"	" 3-7-51	7,500.00
"	" 4-30-51	10,000.00
W/C to John Lindsay for Bldg. Assn.	5-5-51	10,000.00
Loan from Western Conference of Teamsters	6-6-51	10,000.00
W/C to John Lindsay for Bldg Assn	3-6-52	5,000.00
Loan from Western Conference of Teamsters	12-4-52	40,000.00

EXHIBIT No. 207

<b>R. &amp; B. INVESTMENT CO.</b> 808 BERRY WAY		<b>No</b>	<b>574</b>
PAY TO THE ORDER OF <u>International Brotherhood of Teamsters, C. W. &amp; H. of A.</u>		<b>DATE</b>	<b>1957</b>
Twelve Thousand Nine Hundred Eighty Seven and 51/100		<b>AMOUNT</b>	<b>\$12,987.51</b>
SIXTH AND BERRY BRANCH <b>SEATTLE-FIRST NATIONAL BANK</b> PAYABLE TO MAY 27/57		<b>R. &amp; B. INVESTMENT CO.</b> <i>Beck</i>	



## EXHIBIT No. 209

## PERSONAL STATEMENT

CONFIDENTIAL

To: SEATTLE-FIRST NATIONAL BANK

SEATTLE

BRANCH

Name: \_\_\_\_\_ Home Phone: \_\_\_\_\_ Business Phone: \_\_\_\_\_

Residence Address: \_\_\_\_\_

City: \_\_\_\_\_

Financial Statement as of Feb. 7, 1952

ASSETS				LIABILITIES			
Cash in Seattle-First Nat'l Bank	1	698	97	Notes Payable Seattle-First Nat'l Bank			
Cash on hand or in other Banks				Notes Payable to Other Banks (Name)			
U. S. Government Securities—See Schedule I	75	216	76	Notes Payable to Relatives and Others			
Stocks and Bonds—See Schedule I				Accounts and Bills Payable			
Accounts and Notes Rec. from Relatives & Friends <i>Dr. Grinstein</i>	8	000	00	Accrued Taxes, etc.			
Accounts and Notes Rec. from Others <i>Wm. Smith</i>	9	000	00	Chattel Mortgages or Liens Payable—See Schedule IV			
Real Estate Owned—See Schedule III	297	473	66	Occidental Life Ins. Co. Mortgages or Liens on Real Estate—See Schedule IV	283	880	36
Real Estate Mgmt. and Contracts Owned See Schedule II	58	714	40	Loans on Life Insurance Policies—See Schedule V			
Automobiles Year Make				Other Debts—Itemize			
Personal Property				Income Tax Payable			
Cash Value Insurance—See Schedule V	60	599	00				
Other Assets—Itemize							
Investments	181	660	50				
Partnerships	30	627	98				
				Total Liabilities		283	880 36
						NET WORTH	472 903 76
Total Assets	\$	756	784 12	Total Liabilities and Net Worth	\$	756	784 12

Source of Income				Personal Information			
Salary Year	25	000	00	Employed by or Occupation			
Bonus and Commissions				<i>Exec V, P. - I, P. of Teamsters</i>	No. Years		
Dividends				Other Business Connections:			
Real Estate Income Year	30	540	00				
Other Income—Itemize				Married <input checked="" type="checkbox"/> Age 58	Draft Status		
				Wife's Name <i>Dorothy</i>	No. of Children		
TOTAL	\$			Social Security	No. of Other Dependents		

Contingent Liabilities				General Information			
As Endorser or Co-maker	\$			Are Any Assets Pledged?			
On Leases or Contracts	\$			Are you defendant in any suits or legal actions?			
Provision for Federal Income Taxes	\$			Personal Bank Account carried at			
Other Special Debt	\$			Have you ever taken Bankruptcy? Explain			

For the purpose of procuring and maintaining credit, in any form whatsoever, with you from time to time, the undersigned submits the foregoing and following statement and information contained on both sides of this sheet both written and printed and including supplemental statements as being a full, true and correct statement of his financial condition on the date stated. The undersigned agrees to notify you immediately in writing of any materially unfavorable change in his financial condition, and in the absence of such notice, or of a new and full written statement, this may be considered as a continuing statement and substantially correct; and it is hereby expressly agreed that upon application for further credit, this statement shall have the same force and effect as if delivered as an original statement of his financial condition at the time such further credit is requested.

*Feb 7 1952*  
Date Signed

*David Bick*  
Signature

## EXHIBIT No. 210

PERSONAL STATEMENT

**CONFIDENTIAL**

To: SEATTLE-FIRST NATIONAL BANK

SEABOARD

BRANCH

From NAME. DAVE BECK.

Home Phone

Business Phone EL 2544

Residence Address 16749 SHORE DRIVE N.E.

City SEATTLE, WASHFinancial Statement as of Sept 26 1952

ASSETS			LIABILITIES	
Cash in Seattle First Nat'l Bank		257.00	Notes Payable Seattle-First Nat'l Bank	82000.00
Cash on hand or in other Banks			Notes Payable to Other Banks (Name)	
U S Government Securities—See Schedule I		76392.50	Notes Payable to Relatives and Others	1975.00
Stocks and Bonds— See Schedule I		177057.22	Accounts and Bills Payable	
Accounts and Notes Rec from Relatives & Friends		9653.21	Accrued Taxes, etc.	
Accounts and Notes Rec.—from Others		24678.24	Chattel Mortgages or Liens Payable—See Schedule IV	
Real Estate Owned—See Schedule III		353548.99	Mortgages or Liens on Real Estate—See Schedule IV	244724.36
Real Estate Mtgs and Contracts Owed See Schedule II		51453.00	Loans on Life Insurance Policies—See Schedule V	
Automobiles	Year	Make	Other Debts—Itemize	
Personal Property			Income Tax Payable	
Cash Value Insurance—See Schedule V		70697.00		
Other Assets—Itemize				
<b>PARTNERSHIP</b>		80027.87		
Total Assets	\$	911079.58	Total Liabilities	346475.36
			NET WORTH	564604.22
			Total Liabilities and Net Worth	\$ 911079.58

Source of Income				Personal Information	
Salary		25000.00	Employed by or Occupation	EXCISE V.P. INTL BRO. TEAM Years 27	
Bonus and Commissions			Other Business Connections:		
Dividends			Married	YES	Age 59
Real Estate Income		36000.00	Wife's Name	DOROTHY	No. of Children 1
Other Income—Itemize			Social Security		No. of Other Dependents
TOTAL	\$	61000.00			
Contingent Liabilities				General Information	
As Endorser or Co-maker	\$		Are Any Assets Pledged?		
On Leases or Contracts	\$		Are you defendant in any suits or legal actions?		
Provision for Federal Income Taxes	\$		Personal Bank Account carried at		
Other Special Debt	\$		Have you ever taken Bankruptcy? Explain		

For the purpose of procuring and maintaining credit, in any form whatsoever, with you from time to time, the undersigned submits the foregoing and following statement and procures and maintains in his office, both written and printed, a statement including a supplemental statement as being a full, true and correct statement of his financial condition on the date stated. The undersigned agrees to notify you immediately in writing of any materially favorable change in his financial condition, and in the absence of such notice, or of a new and full written statement, this may be considered as a continuing statement and substantially correct; and it is hereby expressly agreed that upon application for further credit, this statement shall have the same force and effect as if delivered as an original statement of his financial condition at the time such further credit is requested.

Date Scanned: 01/20/2014 10:00:00 AM

## Signature

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Journal of Internal Medicine 260: 103–110

(SCHEDULES ON REVERSE SIDE)

## EXHIBIT No. 211

U. S. Treasury Department Internal Revenue Service

**FORM 990**  
(Rev. Dec. 1954)

**RETURN OF ORGANIZATION DESCRIBED IN SECTION 501 (c)  
[OTHER THAN SUBSECTION 3] EXEMPT FROM TAX UNDER  
SECTION 501 (a) OF THE INTERNAL REVENUE CODE OF 1954**

As Required Under Section 501 (c) (3) of the Internal Revenue Code

or other taxable  
year beginning

**FOR CALENDAR YEAR 1954**

PLEASE TYPE OR PRINT PLAINLY

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

**Western Conference of Teamsters**

**552 Denny Way**

**Seattle 5, Washington**

**Ltr. Feb. 17, 1950 IT:PR Sec. 501(1)**

1. State nature of activity. **Labor Union Organizing** 9.

2. Have you paid any tax for this year? **X**  
If "Yes" where paid:  
Estimated business income

3. What is the legal status of the organization, etc.? **Unincorporated Association**

4. In what year was the organization organized? **1949**  
In what State or territory was it organized? **Washington** I

5. Are you a corporation? **X**

6. Is

7. No

8. **Western Conference of Teamsters** 11  
**552 Denny Way**  
**Seattle, Washington** I

Part 4

## INCOME, DUES, CONTRIBUTIONS, ETC.

1. Gross income of all members, excluding service and other charges properly included under item 7 (see Instruction 7) \$ 616688
2. Dues, assessments, etc., from affiliated organizations (see Instruction 5) 186156
3. Contributions, gifts, grants, etc. (received from Instruction 5) 1477
4. Interest
5. Dividends
6. Pensions
7. Gross receipts from business activities (State nature):
  - (a) Refunds, Reimbursements, Miscellaneous Income \$ 19404 39
  - (b)
  - (c)
  - (d)
8. Gross receipts from sale of inventory items (see Instruction 10)
9. Gross receipts from sale of real property (see Instruction 10) Also see Instruction 5)
10. Gross receipts from other sources \$ 823727

## DISPOSITION OF INCOME, DUES, CONTRIBUTIONS, ETC.

## A. Expenses attributable to income items 6 and 7 (see Instruction 6):

11. Salaries, wages, and other compensation of officers, directors, trustees, etc. (Attach statement showing name, position, salary, and time devoted to position)
12. Salaries, wages, and other compensation of officers, directors, trustees, etc. (not included under item 11) (Attach statement showing name, position, salary, and time devoted to position)
13. Wages, salaries, and commissions (not included under item 12)
14. Interest (not included under item 13)
15. Taxes (including property, income, social security, unemployment taxes, etc.)
16. Rent
17. Depreciation (not included under item 15)
18. Miscellaneous expenses (State nature):
 

(a)	\$
(b)	
(c)	
(d)	

## B. Other expenses:

19. Salaries, wages, and other compensation of officers, directors, trustees, etc. (not included under item 12) (Attach statement showing name, position, salary, and time devoted to position) 35000 0
20. Wages, salaries, and commissions (not included under item 13) 125808 7
21. Interest (not included under item 14) 2010 8
22. Taxes (including property, income, social security, unemployment taxes, etc.) 10539 1
23. Rent, Tel. & Tel.
24. Rents, Tel. & Tel.
25. (a) Delegates and Employees Organizing Expense and Allowances, Car Depreciations and Housing 60926.61
- (b) Services, Printing, Supplies, Equipment 23913.90
- (c) Car and Transportation Expenses 33627.78
- (d) Insurance, Bank Charges 41230.40
26. Grants to local unions for paid (State to whom paid):
 

Grants to Local Unions for Organizing & Operations	12425.06
Donations, Promotion, Gifts & Advertising	24750.90
Political Donations	28350.00

## D. Other dispositions:

27. Benefit payments to members, their dependents, or other persons (State to whom paid):
 

Benefit payments to members, their dependents, or other persons	2707 69
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28. Reserves (Attach itemized schedule)
29. Assets (Attach itemized schedule)
30. Assets (Attach itemized schedule)
31. Assets (Attach itemized schedule)

\$ 823727 39

## Schedule A.—BALANCE SHEETS (See Instruction 8)

Page 1

	Beginning of Year		End of Year	
	Amount	Total	Amount	Total
<b>ASSETS</b>				
1. Cash . . . . .		\$ 266052 88		\$ 473058 35
2. Notes and accounts receivable . . . . .	\$ 232556 14		\$ 334742 52	
Less: Reserve for bad debts . . . . .		\$ 232556 14		\$ 334742 52
3. Inventories . . . . .				
4. Investments in governmental obligations . . . . .				
5. Investments in nongovernmental bonds, etc . . . . .				
6. Investments in corporate stocks (see Instruction 10) . . . . .				
7. Other investments (Itemize) . . . . .				
8. Capital assets:				
(a) Depreciable (and depletable) assets (Attach itemized schedule) . . . . .				
Less: Reserve for depreciation (and depletion) . . . . .				
(b) Land . . . . .				
9. Other assets (Itemize) . . . . .				
Prepaid Deposits (United Airlines) . . . . .		\$ 425 00		\$ 850 00
10. Total assets . . . . .	\$ 499034 02		\$ 808649 87	
<b>LIABILITIES</b>				
1. Accounts payable . . . . .				
2. Bonds, notes, and mortgages payable:				
(a) With original maturity of less than 1 year . . . . .				
(b) With original maturity of 1 year or more . . . . .				
3. Other liabilities (Itemize) . . . . .				
Withholding Tax Payable . . . . .				\$ 2604 25
4. Total liabilities . . . . .				
<b>NET WORTH</b>				
15. Capital Stock:				
(a) Preferred Stock . . . . .				
(b) Common Stock . . . . .				
16. Membership certificates . . . . .				
17. Paid-in or capital surplus (or donated capital if a trust) . . . . .				
18. Surplus reserves (Itemize) . . . . .				
19. Earned surplus and undivided profits . . . . .				
20. Total net worth . . . . .	\$ 499034 02		\$ 806045 62	
21. Total liabilities and net worth . . . . .	\$ 499034 02		\$ 808649 87	

## SIGNATURE AND VERIFICATION (See Instruction 11)

I, the undersigned, president, vice president, treasurer, assistant treasurer, chief accounting officer (or other duly authorized officer) of the organization for which this return is made, declare under the penalties of perjury that this return (including any accompanying schedule, and statement) has been examined by me and us, to the best of my knowledge and belief, a true, correct, and complete return made in good faith for the taxable year stated, pursuant to the Internal Revenue Code and the regulations issued thereunder.

May 10, 1955

John J. Sweeney

Secretary-Treas.

CORPORATE SEAL

I declare under the penalties of perjury that I prepared this return for the person named herein, and that this return (including any accompanying schedule and statements) is, to the best of my knowledge and belief, a true, correct, and complete return based on all the information relating to the matters required to be reported in this return of which I have any knowledge.

(If preparer or firm signature)

(Address)

16-71121-1

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MAIL ROOM

Jan. 1, 1954 *Receivables*

Jan. 1, 1955

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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD**

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**HEARINGS**  
**BEFORE THE**  
**SELECT COMMITTEE**  
**ON IMPROPER ACTIVITIES IN THE**  
**LABOR OR MANAGEMENT FIELD**  
**EIGHTY-FIFTH CONGRESS**  
**FIRST SESSION**

**PURSUANT TO SENATE RESOLUTION 74, 85TH CONGRESS**

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**JULY 16, 1957**

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**PART 7A**

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Printed for the use of the Select Committee on Improper Activities in the  
Labor or Management Field







# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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## HEARINGS BEFORE THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD EIGHTY-FIFTH CONGRESS FIRST SESSION PURSUANT TO SENATE RESOLUTION 74, 85TH CONGRESS

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JULY 16, 1957

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### PART 7A

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Printed for the use of the Select Committee on Improper Activities in the  
Labor or Management Field



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1957

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR  
MANAGEMENT FIELD

JOHN L. McCLELLAN, Arkansas, *Chairman*

IRVING M. IVES, New York, *Vice Chairman*

JOHN F. KENNEDY, Massachusetts

KARL E. MUNDT, South Dakota

SAM J. ERVIN, JR., North Carolina

BARRY GOLDWATER, Arizona

PAT McNAMARA, Michigan

CARL T. CURTIS, Nebraska

ROBERT F. KENNEDY, *Chief Counsel*

RUTH YOUNG WATT, *Chief Clerk*

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## STATEMENT OF MONTGOMERY WARD & Co.

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Testimony of Barr, John A.-----	2a

## EXHIBITS

	Introduced on page	Appears on page
218. Memorandum of agreement between Montgomery Ward & Co. and International Brotherhood of Teamsters, A. F. of L.-----	15a	(*)
219. Report dated March 10, 1955, to Mr. Avery, re Teamsters' union, signed by John A. Barr.-----	21a	(*)
Proceedings of July 16, 1957.-----		1a



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, JULY 16, 1957

UNITED STATES SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D. C.*

The select committee met at 10:30 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in Room 357 of the Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Pat McNamara, Democrat, Michigan; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; and Senator Carl T. Curtis, Republican, Nebraska.

Also present: Jerome Adlerman, chief assistant counsel; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were Senators McClellan, Ives, Kennedy, Mundt, Goldwater, and Curtis.)

The CHAIRMAN. The Chair will make a brief statement before we proceed.

On May 14, 1957, this committee heard testimony in a case involving Mr. David Beck and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers.

Mr. Alfons B. Landa testified (transcript, p. 4114; printed hearings, p. 2255) that he had read that the teamsters' union purchased a large part of Montgomery Ward stock and was going to vote it in favor of Mr. Wolfson in the proxy fight, then going on for control of Montgomery Ward Co.

Mr. Landa further testified that on encountering Mr. David Beck in a Fruehauf plane en route to Washington, he told Mr. Beck—that in the event he supported Montgomery Ward, I felt sure he could have the opportunity of organizing Montgomery Ward. He had sought to do that often, I had read.

Landa further testified that Beck said:

That is a good idea.

Thereupon, Landa telephoned Mr. Richard Nye, who was the proxy solicitor for Montgomery Ward Co. Landa testified that he—

told Mr. Nye, "I have seen Mr. Beck and Mr. Beck indicated that he would be willing to see that stock voted for management in the event that he had the opportunity to organize Montgomery Ward."

Mr. Landa further testified Mr. Nye said:

O. K., I will pass the word on.

The record shows that the teamsters organization purchased 2 blocks of stock, 8,000 shares and 4,500 shares, totaling 12,500 shares having an acquisition value of \$1,116,066.

The teamster's union organized Montgomery Ward and entered into a contract with Montgomery Ward on March 31, 1955 (transcript p. 4116). Subsequently, the teamsters voted their stock for the management. This fact has been learned from staff conversations with union officials as well as statements in the press.

Shortly after the testimony of Mr. Landa, Mr. John A. Barr, chairman and president of Montgomery Ward, wrote to me in my capacity as chairman of the committee, protesting against the testimony of Mr. Landa.

I advised Mr. Barr that under rule 12 of the committee rules he could request to appear and testify, whereupon he forwarded such formal request and pursuant thereto he is present today to testify before the committee regarding the issue.

Mr. Barr, will you please come around? Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth so help you God?

Mr. BARR. I do.

### TESTIMONY OF JOHN A. BARR, ACCOMPANIED BY HIS COUNSEL, CHARLES J. BARNHILL

The CHAIRMAN. Mr. Barr, will you state your name, your place of residence and your business or occupation?

Mr. BARR. My name, Mr. Chairman and gentlemen of the committee, is John A. Barr. I reside at Wilmette, Ill., and I am chairman and president of Montgomery Ward & Co., in Chicago, Ill.

The CHAIRMAN. Thank you very much, Mr. Barr.

You are appearing here voluntarily; are you?

Mr. BARR. I am.

The CHAIRMAN. To testify?

Mr. BARR. I am, and at my request, sir.

The CHAIRMAN. Do you have counsel present?

Mr. BARR. Yes, I do, Mr. Charles Barnhill, at my right.

The CHAIRMAN. Mr. Barnhill, are you from Chicago?

Mr. BARNHILL. I am.

The CHAIRMAN. Give your address, please.

Mr. BARNHILL. Wilmette, Ill.

The CHAIRMAN. You are a member of the Chicago bar?

Mr. BARNHILL. A member of the Illinois bar.

The CHAIRMAN. All right; thank you very much.

Are there any preliminary questions?

Mr. BARR. I have a statement, Mr. Chairman, that I would like to present, if that is agreeable.

The CHAIRMAN. You have furnished a copy of your statement to the committee in conformity to the rules of the committee?

Mr. BARR. We have.

The CHAIRMAN. Is there any objection to the statement being read, gentlemen?

All right, Mr. Barr, you may proceed to read your statement.

Mr. BARR. First, I would like to express my appreciation to the committee for permitting me to appear here today and to attempt to correct a great wrong which has been done to Montgomery Ward & Co.

As the chairman stated at the beginning of today's session, on May 14 of this year, Mr. Alfons Landa testified before the committee, in substance, that he advised Dave Beck to vote the Montgomery Ward stock owned by the teamsters union in support of the management at the annual stockholders meeting in 1955, and that he suggested to Mr. Beck if the stock were so voted the management would probably permit the union to unionize Ward's employees.

Mr. Landa further testified that he understood from the newspapers the teamsters union did vote its stock in favor of the management and that Wards and the union entered into a labor contract.

From this testimony, a large segment of the press and at least some members of this committee, inferred that the management of Montgomery Ward had entered into an improper agreement of understanding with the union under which organizing privileges were granted to the union in exchange for the union's support in the proxy contest which was being waged for control of Montgomery Ward.

It was inferred that Ward's forced its employees into the teamsters union without regard to the wishes of the employees, in exchange for proxy support from the union.

The publication of these completely false charges and inferences has done great damage to Ward's reputation, and has been injurious to its relations with employees, customers, and stockholders.

Each and every one of these inferences is untrue and I welcome this opportunity to publicly deny and refute them. The facts relevant to this matter are as follows:

1. There was never any agreement or understanding between Montgomery Ward and the teamsters union, or between any representatives of the company, concerning the voting of any Ward's stock the union may have owned or controlled. No such agreement or understanding was ever discussed or even mentioned between representatives of the company and the teamsters union.

2. Ward's did not know in 1955, and does not know now, how many shares of stock, if any, were owned or controlled by the teamsters union at the time of, or prior to, the 1955 annual meeting of stockholders.

Also, Ward's did not know in 1955, and does not now know, how such shares, if any, were voted at the 1955 meeting. The union was not a stockholder of record in 1955 and no stock was registered or voted in any name which is identifiable with the union.

Although the press reported during the winter of 1954-55 that the teamsters union had purchased some Montgomery Ward stock, the question of whether or not the union owned or controlled any Ward's stock or how any stock would be voted, was never discussed between any representative of Ward's and any representatives of the union.

3. The labor contract entered into between Ward's and the teamsters union in 1955 covered no employees other than those who theretofore

had voluntarily chosen the union as their bargaining agent in the manner provided by the National Labor Relations Act.

The dates and other details of these representation elections conducted by the National Labor Relations Board in accordance with the law, are available to you in the public records of the Board.

Similarly, Ward's has not entered into any agreement with the union subsequent to 1955 covering any employees who had not voluntarily chosen the union as their bargaining agent in the manner provided by law, and concerning whom the company was legally obligated to bargain.

4. Ward's fully recognizes the right of its employees to join or not to join a union as they wish. This policy repeatedly has been published to the employees over a period of many years, and no employees of Ward's should or, so far as I know, have jointed any union under the mistaken belief that the company demands, expects, or desires its employees to do so.

5. If a majority of the employees in any of Ward's units vote for the teamsters union, or any union, in a free and secret election, conducted by the National Labor Relations Board, the company must under the law, and does, bargain with that union and seek to effect an agreement.

That was what Ward's did in 1955, and that was all that Ward's did so far as the union was concerned.

6. Alfons Landa, who brought this subject before the committee, was not employed by or in any way engaged to represent or speak for the company at any time. Any remarks Mr. Landa may have made to Mr. Beck, or to anyone else, concerning Ward's were unauthorized and wholly voluntary.

I personally handled all labor negotiations on behalf of Montgomery Ward & Co. with the teamsters union in 1955, and prior years, and I have personal knowledge of these facts.

An iniquitous agreement of the type that has been inferred from the testimony of Alfons Landa could not have been made without my knowledge.

The fact that the distinguished members of this committee were misled into drawing false and unfounded inferences from the testimony of Alfons Landa has done substantial harm to the good name and reputation of Montgomery Ward.

I have attempted to lay before you the facts which completely destroy these false inferences. I trust that we may have the sincere support of the committee in this effort to undo the harm that has been done.

Had the inferences which were drawn from Mr. Landa's testimony been true, I would be among the first indignantly to condemn such action. The fact is, however, they are completely and absolutely untrue and unfounded.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Barr. If the Chair understands you, first you say there was no collusion, no agreement, and no consideration given whatsoever to the teamsters purchasing the stock and voting it for the management.

Mr. BARR. That is true.

The CHAIRMAN. I find in your statement here, in the conclusion of your statement, a statement that an iniquitous agreement of the



type that has been inferred from the testimony of Alfons Landa could not have been made without your knowledge.

You do agree that if such an agreement was made, such a contract or understanding was entered into, it would be somewhat iniquitous?

Mr. BARR. I think very much so, sir.

The CHAIRMAN. You held what position during that period of time, in Montgomery Ward, the same that you hold now?

Mr. BARR. No, sir. At that time I was a vice president and secretary of the company, and a member of the board of directors.

The CHAIRMAN. You say it could not have happened without coming to your attention or to your knowledge, any such arrangement.

Could someone else, some of your superior officers have handled the matter without your knowledge?

Mr. BARR. No; they could not have because, as I stated, I personally handled all of the negotiations and dealings with the teamsters union during that period, and I was in daily contact with Mr. Avery, who at that time was chairman and chief executive officer of the company, and it would have as a practical matter, been impossible.

The CHAIRMAN. How soon after the proxy fight was won before the contract was entered into with the teamsters union?

Mr. BARR. The 1955 contract with the teamsters union was entered into on March 31, of 1955, and the annual stockholder's meeting was on April 22, 1955, approximately 3 weeks after the labor contract was signed.

The CHAIRMAN. The labor contract was signed before the proxy fight ended?

Mr. BARR. Yes; approximately 3 weeks.

The CHAIRMAN. You say that you have no knowledge about the stock that was owned or purchased by the teamsters union.

Mr. BARR. As a somewhat famous gentleman from the South once stated, all I know is what I read in the newspapers. The newspapers reported during the winter of 1954 and 1955 that the teamsters union had purchased some stock or some representative of the teamsters had made that statement to the press. However, as I stated previously, there was no stock registered in the name of the union, or any name that could be identified with the union.

Apparently, if they did own stock, it was held in a broker's name.

The CHAIRMAN. Did you inquire into that?

Mr. BARR. We did not.

The CHAIRMAN. In view of the rumors or statements?

Mr. BARR. No; we did not. The subject was never mentioned in any conversation.

The CHAIRMAN. Would you be interested to know, in the course of a proxy fight, whether someone had purchased a large block of stock, \$1 million worth?

Mr. BARR. Normally we would be very much interested in that. However, under the circumstances which existed, we felt that it would be unwise to make any inquiries of any kind, because we were very actively in labor negotiations with the union, which was an arms-length contractual negotiation.

The CHAIRMAN. You were then in the process of negotiating at the time it was reported that they had bought this block of stock?

Mr. BARR. That is right, and we were in negotiations before that report was first made.

The CHAIRMAN. Did the fact that that report came to your attention, that they had purchased this large block of stock, have some influence on the negotiations?

Mr. BARR. It had none whatsoever.

The CHAIRMAN. You do not think it would be persuasive at all?

Mr. BARR. Not at all. The fact was that for the first time in the corporation's history a union, the teamsters union here, had organized the employees in all of our nine mail-order plants. We were faced with a strike threat.

The union and the officials of the union had publicly announced that a strike had been authorized, and that a strike was imminent. We were in a labor negotiation in an attempt to avoid a strike, which would have completely tied up the entire mail-order segment of our business.

The CHAIRMAN. Were there any efforts prior to that time made by the teamsters to organize the plants or how many efforts had been made?

Mr. BARR. The teamsters organized the first of our nine mail-order plants in the late 1930's, 1938 or 1939. In 1940 they organized the second plant; and late in the 1940's they organized the third plant.

The CHAIRMAN. That made 3 out of 9.

Mr. BARR. That made 3 out of 9. Beginning in the fall of 1953, the teamsters union conducted a national organizing drive against all of the plants and that drive was completed and they completed the organization of all of the plants in the spring of 1955.

The CHAIRMAN. So at the time of this purported purchasing of stock by the teamsters union, in the course of the proxy fight, there was simultaneously a drive to organize all of the plants.

Mr. BARR. That is true, sir.

The CHAIRMAN. By the teamsters union.

Mr. BARR. That is right.

Senator IVES. May I ask a question there? I am kind of rusty on this proxy fight that you had at that time. How much stock was outstanding in Montgomery Ward?

Mr. BARR. Approximately 6½ million shares.

Senator IVES. Six and one-half million shares?

Mr. BARR. Yes, sir.

Senator IVES. And how much was involved here? Is it 12,500 or 14,000?

Mr. BARR. The chairman so stated at the opening of the hearing, that his staff in conversations with the union people had determined that they owned 12,500 shares. That is all of the information I have.

Senator IVES. We had newspaper reports to the effect it was 14,000. Do you happen to know which is true?

Mr. BARR. No; I do not.

Senator IVES. Now, I want to ask, by how much did Mr. Avery win?

Mr. BARR. Mr. Barnhill advises me the count was 4,100,000 for Mr. Avery, and 1,700,000 against him.

Senator IVES. Presumably the allegation would be that this teamsters' stock was voted in favor of Mr. Avery.

Mr. BARR. As I say, in the company's records there was no stock registered in the name of the union.

Senator IVES. I understand there is an allegation by Mr. Landa?

Mr. BARR. Landa testified, and he said he read that in the newspapers.

Senator IVES. In other words, if the stock was voted for Mr. Avery it was not even a drop in the bucket.

Mr. BARR. A small fraction of 100 percent.

Senator IVES. It did not have any effect on the election at all?

Mr. BARR. None whatsoever.

Senator IVES. That is what I wanted to find out.

Senator GOLDWATER. It is about one-fifth of 1 percent.

Mr. BARR. That is true.

Senator KENNEDY. Mr. Barr, you say you only know what you read in the newspapers and were you aware of the fact that the newspapers were talking in January of that year, several months before the contract was signed, that Mr. Hoffa and Mr. Beck might use these proxies to vote one side or the other in order to encourage their union control of the employees?

Were you aware that was in the paper?

Mr. BARR. I have no recollection of that, and it may well have been, sir.

Senator KENNEDY. Now, in January, on January 27, 1955, it said:

Teamster Drive on Ward Plant; Beck Denies Move Is Linked to Proxy Fight.

Now, you must have known that, and you had an interest in this proxy fight; did you not?

Mr. BARR. An interest in the proxy fight? Very much so; yes, sir.

Senator KENNEDY. You were directing it?

Mr. BARR. I was active in it.

Senator KENNEDY. Obviously, you must have been aware of the fact that there were some items in the newspapers about what would happen to this stock; were you not?

Mr. BARR. I don't know, Senator, to what newspaper article you referred.

Senator KENNEDY. I am talking about the New York Times, Thursday, January 27, and I read the headline.

Mr. BARR. I have no recollection of seeing that particular article.

Senator KENNEDY. Regardless of the quantity of the stock, were you concerned about which way it would be voted?

Mr. BARR. This particular stock?

Senator KENNEDY. Yes.

Mr. BARR. Not particularly; we were in a very active proxy fight, and we were very actively soliciting proxies from our stockholders. However, at one time I remember a conversation.

Mr. Nye's name was referred to here in some statement that was made, and Mr. Nye is president of Jorganson & Co., an organization in New York which is engaged in the business of soliciting proxies.

We engaged Jorganson & Co. in the fall of 1954 to work with us and assist us in proxy soliciting. Sometime during the winter of 1954-55, I recall Mr. Nye, in a conversation that I had with him, brought up the fact that the newspapers had reported that the teamsters had bought a block of Ward stock.

I remember that he mentioned that a Mr. Sharney, who was the public-relations counsel for Mr. Wolfson in the proxy fight, also had some union clients. Mr. Nye voiced the opinion that he felt that this was probably stock that Sharney had been influential in the purchase of and it was probably intended for Wolfson's support.

Nye asked me what, if anything, we would like for him to do with regard to that stock. I told him "Nothing; absolutely nothing," pointing out that we were in active negotiations with the union over a labor contract, a national labor contract, and we must avoid any mingling of those two matters, and that if we made any effort to solicit a proxy connected with the stock which it had been reported the union owned, even if we did that in good faith, it might likely be misconstrued, and we must avoid that.

To the best of my knowledge, Mr. Nye followed those instructions.

Senator KENNEDY. Do you know if Mr. Nye had a conversation with Mr. Landa?

Mr. BARR. No: I do not know. As I recall, I have a recollection that Mr. Nye, I believe, mentioned to me one time that he had talked to Mr. Landa concerning another matter. I will tell you what the other matter was if you like.

It was disassociated with this subject. It was that an organization, I believe under the name of the Institute of Management, early in 1954 and before the beginning of the proxy fight had published a paper or a pamphlet criticizing Mr. Avery's management of Montgomery Ward.

That had been distributed and had some publicity around the country. A question arose of what use Mr. Wolfson might attempt to make of that brochure, which had been put out under the name of the Institute of Management in the proxy fight.

It was reported that Mr. Landa had some connection, and the exact nature of which I do not know, with the Institute of Management and I remember Mr. Nye telling me that he had telephoned Mr. Landa and talked to him about that.

I have no recollection of Mr. Nye ever mentioning to me that he had talked to Mr. Landa with respect to the union or any stock supposedly owned by the union.

Senator KENNEDY. Now, in view of the fact that Mr. Nye's name was brought into Mr. Landa's testimony, you must have discussed this with Mr. Nye since then. Are you prepared to say that Mr. Nye denies that Mr. Landa ever discussed how the Beck stock in Montgomery Ward would be voted?

Mr. BARR. Well, in the first place I have not talked with Mr. Nye since this current matter came up, and I have not seen Mr. Nye or talked with him this year.

Senator KENNEDY. It seems to me, Mr. Barr, that when you are making a complete denial of this, which is your right, the whole charge of Mr. Landa hinges around the fact that he had a conversation with Mr. Nye after talking with Mr. Beck and Mr. Nye stated that he would pass the word on to the management and Mr. Nye was your representative in the proxy fight.

Mr. BARR. That is right; and I have already attempted to tell you about a conversation that I had with Mr. Nye during this period in which I specifically instructed him that no effort was to be made with regard to any stock reportedly owned by the teamsters union.

Senator KENNEDY. Let me just try to pinpoint that.

Mr. BARR. That subject was specifically covered with Mr. Nye.

Senator KENNEDY. Do you know whether he passed on the information which he told Mr. Landa he would pass on, that Mr. Beck might be prepared to vote his stock with your group?

Mr. BARR. I do not know whether he did or not. I have no recollection that it was ever passed on to me. It might have been. If it was, it was dismissed as insignificant, and we had no interest in that.

Senator KENNEDY. As I understand it, you state that there was no connection between the signing of this agreement and the voting of the stock.

Mr. BARR. Absolutely none.

Senator KENNEDY. Well, now, you have stated that all you know is what appears in the paper and that surmise was in all of the papers. That is when the agreement was made. It stated in the New York Times on Friday, April 1:

The Avery-Beck pact: In return Mr. Avery has been assured of union support in his fight to hold control of his mail-order empire.

That story is in all of these papers that I have.

Mr. BARR. I do not know if the story was in all of the papers or not. I do know that on the day the contract was signed, a reporter or representative of some newspaper in my office asked the question, "What connection does the signing of this contract have with the proxy fight?"

I answered that directly that it had none and that any attempt to link the two would be false. It was a direct denial of that on the day the contract was signed.

All of the newspaper stories that I saw following that carried a statement of my denial of it.

Senator KENNEDY. Now, in the April 1, New York Times, this is a story from Chicago:

When Mr. Avery and Mr. Beck signed the memorandum, Mr. Beck said he would urge trustees of funds within the teamsters' organization holding Ward stock to vote for the present management at the stockholders' meeting.

In other words, Mr. Barr, we have Mr. Landa's statement that he ran into Mr. Beck on a plane, and that Mr. Beck stated it would be a good idea if he conferred with Mr. Nye and Mr. Nye was your representative and he passed the word to Mr. Nye and Mr. Nye said he would pass it on, and we have this signing of a contract by a company which had traditionally fought union representation in the company, and then we have Mr. Beck's statement the day the agreement was signed, stating that he would vote in your favor.

It seems to me that is a series of events from which someone can draw a reasonable surmise that there was a connection, based on what we read in the papers and based on the testimony before the committee.

Mr. BARR. It is understandable to me, Senator, how one acting honestly and in good faith could draw that surmise or that inference.

That is because of what we might call the circumstantial evidence which existed. The reason that I asked permission to appear here today, and to attempt to lay the true facts before you, so that unwarranted injury would not be done to this great American company, is that the inference is false and it is unfounded.

I appreciate the existence of these circumstances to which you refer. I would like only to add, in response to your statement, that please keep in mind that Mr. Nye is not an employee or an officer of Montgomery Ward.

He was an independent agent who was employed for a specific purpose and one purpose only and that was to solicit proxies during this proxy fight. Mr. Nye had no connection with the labor negotiations, and he had no connection with Montgomery Ward in any respect other than to call upon stockholders and solicit their proxies.

Mr. Nye was under specific instructions not to make any solicitation of any stock which it had been reported was under the control or was owned by the teamsters union.

Senator KENNEDY. Now, I have just one more question. It seems to me if you had been anxious to avoid this inference, it would have been wise not to have the intimate pictures taken with Mr. Avery and Mr. Beck signing this agreement.

It seems to me that you benefited from the psychological impact of these statements going around the country, saying that the teamsters had moved in to Montgomery Ward and Mr. Beck's statement that they were going to support Mr. Avery and Mr. Avery and Mr. Beck in intimate pose 3 weeks before the votes were counted in the proxy fight.

Now, 2 years later, after victory has been won, there is an attempt to disassociate yourselves completely. It seems to me it would have been much easier or this could have been avoided if this thing had been handled with less splash at the time.

Mr. BARR. In the first place, I had no more control over the pictures that were taken that day than I have over the pictures that are taken here in this room this morning.

The signing of a labor contract between Montgomery Ward and the teamsters union was considered by the press as a newsworthy event in its own right, disassociated from any proxy fight situation, although that did in fact exist.

The National Labor Relations Act does not excuse the parties from their obligations to bargain in good faith and attempt to reach an agreement with the union merely because a proxy fight may be there.

We were under an obligation to negotiate with the union at this time and attempt to reach an agreement and, of course, we had a personal interest in doing so to avoid a strike which had been threatened and which appeared to us to be imminent.

Senator KENNEDY. That is all.

The CHAIRMAN. Senator Mundt.

Senator MUNDT. Thank you, Mr. Chairman.

You had your conversations with Mr. Nye, and was that before or after Mr. Nye had had his conversations with Mr. Landa?

Mr. BARR. I don't know. I had my conversation with Mr. Nye during the winter of 1954-55 soon after it was reported in the newspapers that the union had purchased some Ward stock. I do not know when Mr. Nye may have talked to Mr. Landa about this, if he did.

Senator MUNDT. Putting it the other way, then, at least you had no knowledge at any time that Mr. Landa had talked to Mr. Nye; is that right?

Mr. BARR. That is right.

Senator MUNDT. So that if he had talked with him before that, he did not tell you about it and if he talked to you after that he would have no occasion to.

Mr. BARR. I am sure that he had not talked with him before that or he would have mentioned it.

As I said before, I have no recollection that he ever mentioned it and if he did afterward, and he may have, it was of no significance, and certainly did not stick in my memory.

Senator MUNDT. The thing that mystifies me about why there should be any particular significance about all of this or the stories in the New York Times or any of the rest of it, is that if you are sure in your figures and only 12,500 or 14,000 shares were owned by the teamsters out of some 4 million, and you won the election approximately 3 to 1, I do not see how it makes much difference how that particular block of stock was voted.

Mr. BARR. It was not significant.

Senator MUNDT. I do not see how you hold up any theory on a little block of 14,000 shares out of 4 million shares. It was not a close election and if it had been decided by 10,000 or 12,000, I would say a suspicious doubt may flow from this sequence of events.

But it seems to me the whole thesis falls on its face because of the small block of stock. I would like to ask you this: You said you did not know or I think you said you did not know that the teamsters owned 12,000 or 14,000 shares, but you got it out of the newspapers.

Mr. BARR. That is true.

(At this point, Senator McNamara entered the hearing room.)

Senator MUNDT. You were out actively soliciting stock; were you not?

Mr. BARR. Yes; we were.

Senator MUNDT. And proxies?

Mr. BARR. Yes, sir.

Senator MUNDT. There had to be some record books some place.

Mr. BARR. Yes, sir.

Senator MUNDT. Whose name did this show up in?

Mr. BARR. I don't know. As I stated before, there was not at the time of the meeting or at any time before the meeting, any stock registered in the name of the union or in any name which we could identify with the union.

There was a report at that time that the stock was held in the name of Goodbody & Co., which I believe is a brokerage house in New York. That is what they refer to as a "street name" I believe.

Senator MUNDT. I have been curious for some time, Mr. Barr, about these various proxy fights and what has been referred to as pirating of American corporations, and about the fact that apparently, it is very hard to trace down the ownership of American corporations by looking at the stock-record book.

Is there developing a concept of hidden ownership to a certain extent in American corporations which I think either is bad or could lead to very evil consequences?

I think people probably have a right to know who owns the corporation and who owns the stock, especially when it gets involved in proxy fights wherein innocent stockholders far away from the columns of the New York Times might not be acquainted with everything that is happening.

I would just like to have your observation as a man high up in the American corporate structure as to whether or not you think or you have any concern or worry or curiosity about that, or whether there is any danger if we expand the practice of hidden ownership of American corporations.

It has nothing to do with this particular thing here, and I am just seeking counsel as a country boy from someone who has had experience.

Mr. BARR. Probably it would appear to be of not much consequence in the normal ordinary course of things, but it does become quite important when there is a contest for control of a corporation. It seems to me that in that event, or in any case where a question is raised over the control or management of a corporation, that all of the stockholders have a right to know who it is that is opposing their interests on either side, and it does not make any difference whether it is the "ins" or "outs."

I testified on that subject 2 years ago before the Senate Banking and Currency Committee and at that time expressed my opinion that there should be full disclosure of beneficial ownership in the event of any proxy contests. That is still my opinion.

Senator MUNDT. I am glad to have that. I know that it arises of great significance when talking about banking institutions, and it has greater significance, I suppose, in life insurance, or fire insurance companies, and I think it has a certain degree of significance in all corporations, especially if it is as bad as some of my colleagues feel it is, and maybe it is, to have labor organizations owning corporations with which they do business, or labor organizations having tremendous millions of dollars at their disposal.

If there is no disclosure we might well have labor organizations owning corporations and making contracts with themselves and doing business with themselves. I do not know enough about that to know how serious that would be, but I do think that the Securities and Exchange Commission or perhaps the committees of Congress should analyze this thing pretty carefully.

I have a feeling that this hidden ownership of business is getting more and more significant. I know that a lot of stock is owned now beneficially by brokers and others and somehow or other it seems that a doctrine of full disclosure in American corporate ownership could not do any harm and it might do a lot of good.

I am glad to have you support that theory.

Mr. BARR. It would be my opinion that it would be in the public interest for the Congress to give that subject sincere attention.

Senator MUNDT. That is especially true of the last 10 years because, and I am glad this is taking place, stockownership is spreading out across the country in the hands of a lot of people who normally and customarily did not own American corporate stock.

All corporations encourage that, and I think that is good. I think it is right that people should own a piece of America and the way to do that easily is to own some stock in a good American corporation.

The people who buy a piece of America have a right to know who their partners are, and who the other people are who own the company and I defy them to find out by looking at the average stock records, or looking at the average annual report today, who in the world it is who owns and controls the corporations.



That is important when you have matters of this kind and when you have discussions that we had a little earlier about Frenhauf and about some outfit up in Canada, as to who owns it, and whether the union owns it or not.

Whether it is wise or unwise I am not prepared to say at this time for the unions to own corporations' stocks with which they do business.

At least if you have the doctrine of full disclosure in operation we are not flying blind.

I think that we are flying a little bit blind in American corporate structure and I do hope that the appropriate committees of Congress, if this is not it, or the Securities and Exchange Commission, will devote themselves to what I think is a growing cancerous condition in our American corporate structure.

Senator McNAMARA. Mr. Chairman, I am interested in the mentioning of the Institute of Management. Is it an association of managers?

Mr. BARR. I do not know. I am acquainted only with the name. I do not know its nature.

Senator McNAMARA. Is your company a member of the institute?

Mr. BARR. No; we have no connection with it whatsoever.

Senator McNAMARA. You do not use their services?

Mr. BARR. No, sir; and we never have.

Senator McNAMARA. In what regard did you bring the name of the Institute of Management to the conversation?

Mr. BARR. In the summer of 1954 there was brought to my attention a pamphlet which had been published under the name of the Institute of Management and which was critical of Montgomery Ward's management. That is the only thing I believe that I have ever seen their name associated with.

Senator McNAMARA. Do you remember whether or not the name of Nathan Shefferman was connected with this Institute of Management?

Mr. BARR. No; I do not know. I never heard or it was never mentioned to me that Mr. Shefferman was connected with it and I don't know whether he was or not.

Senator McNAMARA. Do you know Mr. Sheffernian?

Mr. BARR. No; I have never met him.

Senator McNAMARA. He does not handle your work?

Mr. BARR. He never has.

Senator McNAMARA. And he is in no way associated with you?

Mr. BARR. In no way whatsoever.

The CHAIRMAN. Chief Assistant Counsel, Mr. Adlerman, do you have any questions?

Mr. ADLERMAN. I would like to ask Mr. Barr a question to bring him back to his statement on page 4, in paragraph 4, in which he states that—

No employees of Ward's should or, as far as I know, have joined any union under the mistaken belief that the company demands, expects, or desires its employees to do so.

Mr. BARR. Yes, sir.

Mr. ADLERMAN. I would like to draw your attention to certain contracts which you were kind enough to supply to the committee at

our request, and these various agreements that were entered into between the union and Montgomery Ward Co.

For example, this one in Oakland, Calif. I draw your attention to the union-security clause in that contract. Are you familiar with that?

Mr. BARR. Yes; I am. What date is this contract?

Mr. ADLERMAN. It has no date on it. The letter that you supplied attached to the proposed contract was March 1, 1955.

Mr. BARR. Yes; all right.

The CHAIRMAN. Let the witness examine the document and see if he identifies it.

(A document was handed to the witness.)

Mr. BARR. I have examined the exhibit, Mr. Chairman. The exhibit is a proposal for a contract which was submitted by the union, and it is not a contract which Montgomery Ward entered into at any time.

The CHAIRMAN. This contract was never entered into?

Mr. BARR. It is not a contract. It is a proposal which was submitted by the union during the course of negotiations.

Mr. ADLERMAN. Now, you say that was not accepted and not adopted?

Mr. BARR. That is right.

Mr. ADLERMAN. You had a series of other contracts, also; is that correct?

Mr. BARR. A series of other contracts?

Mr. ADLERMAN. Yes; I mean some contracts were entered into with Montgomery Ward and was there one master contract?

Mr. BARR. On March 31 we entered into one master contract.

The CHAIRMAN. That is 1955?

Mr. BARR. Yes, sir.

Now, these negotiations you understand had been actively in progress for approximately a year and a half and during the course of that time many proposals were passed back and forth and we would make proposals to the union and they would make proposals to us, and the document that you have handed me is one of their proposals during the course of the negotiations.

Mr. ADLERMAN. Could you advise me whether this is the standard contract that was signed at that time?

Mr. BARR. I would be happy to.

The CHAIRMAN. This appears to be a carbon copy of what counsel suggests may have been the standard contract signed at that time.

(A document was handed to the witness.)

Mr. BARR. Well, that is another union proposal. If you are looking for the contract we signed, we will furnish you with a copy of it, and we have another copy of it here if that would help you.

The CHAIRMAN. Again, the document you have just examined was not one entered into, but another that was submitted as a proposal?

Mr. BARR. That is correct, sir.

The CHAIRMAN. Thank you.

Mr. BARR. I have in my hand a true copy of the contract we did enter into, if that would be of help to you.

The CHAIRMAN. May we see that?

Mr. BARR. Yes, sir.

(A document was handed to the chairman.)

Mr. ADLERMAN. You have a union-security clause in that contract?

Mr. BARR. We have what is commonly referred to as a maintenance-of-membership provision. At the time we signed the contract this was a provision under which, in the first place, no employees who were not members of the union were required to join.

The employees who already were members were given a 2-week period following the signing of the contract, under which they could resign if they desired to. The employees who remained members after the end of the 2-week "escape period" as it is commonly called, were then required to maintain their membership in the union for the year that the contract was in force.

The CHAIRMAN. Mr. Barr, do you have extra copies of that? If you say this is the contract that was entered into or a copy of it, the Chair would like to make it an exhibit for reference.

Mr. BARR. Very well, sir.

The CHAIRMAN. That will be made exhibit 218, just for reference only, so that it will be official in the record.

(The document referred to was marked "Exhibit No. 218" for reference and may be found in the files of the select committee.)

Mr. BARR. Very well.

The CHAIRMAN. Let the Chair ask one other question for clarification of my own mind. Under the terms of this contract that you entered into, was a union shop established?

Mr. BARR. No, sir. It was what is referred to as a maintenance-of-membership condition and not a union shop.

The CHAIRMAN. It was not a union shop. In other words, those that were then members of the union, as I understand you, were given 2 weeks if they wanted to get out of the union, and they could retire from the union within 2 weeks' time.

Mr. BARR. That is right.

The CHAIRMAN. Those who did not do so, and continued in the union, then they had the obligation for maintenance of union membership?

Mr. BARR. That is right, sir.

The CHAIRMAN. That is correct; is it?

Mr. BARR. That's right.

The CHAIRMAN. I was trying to get it clear.

Senator MCNDT. And if they elected to withdraw from the union, it had no impact on their employment status with Ward's?

Mr. BARR. No; whether they dropped or whether they didn't, whether they joined or whether they didn't had no effect whatsoever upon their employment status with Ward's.

Senator MUNDT. They were not subjected by the contract to any checkoff?

Mr. BARR. Yes; the contract provided with respect to those who remained in the union, that their dues would be checked off.

Senator MUNDT. They could say, "Check me off" or "Don't check me off?"

Mr. BARR. I would like to correct that statement.

Mr. Barnhill informs me that that came a year later. In the 1955 contract there was not a checkoff. But in 1956 that union demand was granted in subsequent negotiations.

Senator MUNDT. As a consequence of that contract, did all of the employees of Ward's join the union or did you have some union and some nonunion?

Mr. BARR. We continued to have some union and some nonunion employees. There were certainly no more employees joined the union after the signing of this contract. In fact, I recall that I believe the first National Labor Relations Board election that was held with the teamsters union by the Labor Board, following the signing of this contract, a majority of the employees voted against the union.

There have been a number of National Labor Relations Board elections held during the past 2 years involving Montgomery Ward stores, and warehouses, and in some of which the employees have voted in favor of the teamsters union and in some of which the employees have voted, the majority of them, against the teamsters union.

Senator MUNDT. Does it follow then that after every election, where a majority of the employees voted against the union, that you have deunionized for a year and then they joined the union again?

Mr. BARR. There is no deunionization. They just never are unionized.

Senator MUNDT. After they had been unionized, and they held an election and voted against it, did that happen?

Mr. BARR. No; not where they had been unionized. These are new stores or new warehouses which the union is attempting to organize.

In each case before we recognize or deal with the union, we only do that in cases where the National Labor Relations Board holds an election and certifies that a majority of the employees have voted for the union.

Senator MUNDT. There have been no cases where they held an election and deunionized?

Mr. BARR. I believe not, so far as the teamsters union is concerned.

Senator McNAMARA. While you are on this subject, of the escape clause, I think this is the first time it has been brought before the committee and so we are all somewhat interested in it.

You indicated that this "escape clause" was put into a subsequent contract and not one where you originally signed up with the union?

Mr. BARR. Oh, yes; it was in this 1955 contract.

Senator McNAMARA. In the original contract?

Mr. BARR. Yes, sir.

Senator McNAMARA. And it was repeated in subsequent contracts?

Mr. BARR. Yes; it was repeated in last year's contract and the following year's contract.

Senator McNAMARA. Did the "escape clause" come up again at the signing of a new contract?

Mr. BARR. Yes, sir.

Senator McNAMARA. Then your employees have opportunities every time you sign a new contract to take advantage of that escape?

Mr. BARR. They have had up to this time. That is, as I am sure the Senator can well appreciate, repeatedly a subject of negotiations. In practically every negotiation we have with the union we do that. But in the contract that was signed in 1955 and in the contract which was signed the following year there was an escape provision.

Senator McNAMARA. Do you have any knowledge or any recollection of how many employees took advantage, if that is the term you want to use, of the escape clause?

Mr. BARR. I don't know how many did.

Senator McNAMARA. I think that would be a very interesting thing to develop, the experience in this field of escape clauses, Mr. Chairman, and I do not think that there is very much in our records about that.

The CHAIRMAN. It would be all right. Would it be convenient for you at an early date to supply the number of those who took advantage of this escape clause?

Mr. BARR. It would not, Senator, and my respectful suggestion would be that if you desire to develop that information, that you should do that with the union, because the resignation of an employee from the union is a matter between the employee and the union and the company does not have any direct knowledge, and generally no knowledge whatsoever of that.

The CHAIRMAN. You have no record of that?

Mr. BARR. No. That is a matter between the employee and the union and you would have to get that information from the union.

The CHAIRMAN. You can say possibly some did withdraw?

Mr. BARR. They may have, but the only thing we would know would be if some employee might come to his supervisor and say that he had resigned from the union or something, which might or might not be true.

The only way you could get authentic information on that would be from the unions.

Senator McNAMARA. It appears that there is a checkoff involved in the current contract.

Mr. BARR. There is in the current contract, yes, sir.

Senator McNAMARA. If a man was paying dues one month and took advantage of the escape clause, you would not withhold his dues the next month; is that right?

Mr. BARR. We would get a notice from the union that that employee resigned.

Senator McNAMARA. Your records would reflect it?

Mr. BARR. But probably all of the members of the union are not on the checkoff and it is not compulsory on all union members and the individual employees authorize their dues to be checked off.

Presumably, there are some employees who pay dues directly to the union, you see, and so even that record would not be complete.

Senator McNAMARA. It would be helpful, because we have nothing in this field. It would be helpful to us.

Mr. BARR. Well, we would be glad to give you anything from our records that would be helpful. I would merely call your attention to the fact it would be an incomplete report.

Senator McNAMARA. If you charged it one month and he still continued to be an employee, and in December you withheld his dues and in January you didn't, then the record would pretty well reflect that he, still being employed, took advantage of the escape clause.

Mr. BARR. We have never developed any statistics of that kind. Could that be developed from our records, Mr. Barnhill?

There is a turnover of people and there might be other reasons. We would be happy to give you anything we can get from those records, but I question whether it would be helpful to you.

Senator KENNEDY. Now, Mr. Barr, can you fill me in a little on the details of the way this proxy stock is voted. What dates are the proxies mailed in? Are they mailed in from January up to April 22?

Mr. BARR. No. First the mechanics of it are that at sometime before the date of the annual meeting, and in this particular instance I believe it was approximately 40 days before the meeting, the date of the meeting was April 22, so in the first part of March sometime, the company under the rules of the Securities and Exchange Commission mails to all stockholders of record a proxy statement and included with that proxy statement is a form of proxy.

So the first proxies would have been mailed in beginning around the middle of March.

Senator KENNEDY. Then they would continue right up until the day of the meeting.

Mr. BARR. Yes, sir.

Senator KENNEDY. Do you have any chart at the company as to how those proxies are being voted as they come in, or are they not opened until the meeting?

Mr. BARR. Oh, yes. The ones sent to the management are opened and a record is made of it immediately upon receipt.

Senator KENNEDY. As of the date that this union contract was signed, did you have a record as to your vote?

Mr. BARR. We would have had.

Senator KENNEDY. Have you any figures on that, and had you won by then?

Mr. BARR. Well, no, we had not won by then. You see, in a situation where there was a contest of that nature, it is impossible either for us or for the other side, so to speak, to tell from the proxies which have been received where you stand; because a very substantial number of proxies are revoked.

At the time of the annual meeting, it is the latest dated proxy which counts, and there were instances which were brought to my attention where some stockholders would sign as many as 11 different proxies. Apparently, every time the management would mail them a proxy, they would sign it and send it back and every time Mr. Wolfson would send a proxy, they would sign it and send it back.

The CHAIRMAN. It was the last person who talked to them who received the benefit of the proxy?

Senator KENNEDY. I read the New York Times, and that reflects other stories, and I have Business Week here of April 9, and this was a great fight and everybody was interested in it.

The headline is, "Ready for the rollcall at Ward's." And it says up at the top:

Wolfson still talks about sure victory, but he is bitter about action of—  
and then underneath is a picture of Dave Beck—

Beck and the teamsters union declaring their support of their new pal, Avery, Montgomery Ward chairman, who says he made no proxy deal with the teamsters in connection with Ward presently making contract with the union.

Then, on the next page of this Business Week story it says:

Hoffa had said that the teamsters own about \$1,050,000 worth of Ward stock, about 13,500 shares.

He has been heard to say that the union influences through friends the votes of another 100,000 shares. In Wolfson's camp the first reaction to Beck's statement was gloomy. "If the union does control 100,000 shares," said a Wolfson lieutenant, "at this stage it would hurt us bad."

Now, Mr. Barr, I do not think that there is any doubt that this signing of this contract and this public announcement by Mr. Beck, was of great assistance to you in this fight, regardless of how many shares he actually owned, for two reasons:

First, because you did not know how close the fight would be, and secondly, the psychological value of this sort of publicity in many of the leading papers and magazines of the country indicated gloom in Wolfson's camp and joy in the Avery camp, about this support you were getting from the teamsters and was of great assistance to you. Is that not a fact?

Mr. BARR. I think that is a matter of judgment and your judgment may well be correct in that regard. If it is, and if that is true, that publicity of this type was helpful to the management's camp, as you say, it was merely and wholly incidental.

Senator KENNEDY. Nevertheless, you are being completely frank with the committee and you want us to be frank with you and I do not think that you can help but feel this was a benefit.

That is a statement of fact.

Mr. BARR. If it was beneficial, it was incidentally, and it was not to any extent.

Senator KENNEDY. Was it beneficial?

Mr. BARR. It was not even a scintilla of motivating influence in entering into the agreement. That is the point.

Senator KENNEDY. I understand.

Mr. BARR. If any benefits incidentally flowed from it, as in your judgment they did, and as they may have—

Senator KENNEDY. Would you give me your judgment?

You must have been very concerned about this. Was this very helpful to you?

Mr. BARR. I think it was of very little significance of inconsequential significance one way or the other. That is my opinion. I do not think it either hurt us or helped us in any significant degree.

Senator KENNEDY. This Business Week story says:

This week Avery agreed that Beck's words had been timely.

That was Beck's word that they were going to vote the stock with you. What do you mean by "timely"?

Mr. BARR. I wouldn't know.

Senator KENNEDY. You would not draw any conclusions of what he meant that it was helpful?

Mr. BARR. If it was helpful, I think it was in a slight degree, but that is a pretty conjectural field, I would say.

Senator KENNEDY. Now, he referred to Mr. Hoffa and—

Mr. Avery said he never met him, but he is a nice fellow, speaking about Hoffa.

I do not think that there is any doubt, at least in my judgment, that this was of substantial assistance to you. I just do not see how you come to any other conclusion. I am not suggesting that you signed because of that reason. I am only suggesting that in view of Mr. Landa's statement, Mr. Beck said he was going to vote the other way, and in view of Mr. Landa's call to Mr. Nye and Mr. Nye's statement that he would pass it on, and in view of the fact that he signed with you and in view of the fact Mr. Avery said the assistance was "timely", it is difficult for me to disassociate the signing of the contract with the proxy fight, to be honest with you.

The CHAIRMAN. Mr. Counsel, do you have any further questions?

Mr. ADLERMAN. I would like to go on for a moment on this.

Speaking about the Business Week article, there is a statement which states:

The contract includes a standard maintenance of membership section in force on June 1, 1956. Avery's refusal to accept a similar requirement of a union contract 11 years ago brought on a showdown in which the Army seized the company on a war Labor Board order, on May 6, 1944.

This was a subject which had caused great controversy between the union and the company for many years, the question of whether or not they should have a maintenance of membership clause; is that correct?

Mr. BARR. It had been a point of controversy for many years between Montgomery Ward and the union as to whether there should be a union-shop condition in Ward's plants and in maintenance of membership, but for a union shop and the maintenance of membership was a compromise of that issue.

Mr. ADLERMAN. The clause that you have in your contract and I will read it under article 2, says:

Each employee covered by this agreement is free to join the union or not to join the union as he wishes. All employees 15 days after April 5, 1955, namely April 20, 1955, are members of the union, and all employees who thereafter become members of the union shall for the duration of this contract, as a condition of employment, pay to the union dues and initiation fees uniformly required by the union as a condition of requiring maintenance of membership.

The union shall notify the company and the employee involved in writing in the case of a failure to pay such dues or fees and the employee shall have seven days after date of mailing of such notice to pay any dues or fees which may be owing to the union.

Now, is that a standard maintenance of membership clause?

Mr. BARR. In substance, yes. The exact wording like this did not require them to maintain their membership, as I recall. It required them to pay the normal dues, but in substance, it is a standard maintenance-of-membership clause.

Mr. ADLERMAN. Was this a subject that had been in controversy for many years between the union and Montgomery Ward?

Mr. BARR. The subject of compulsory union membership was a subject which had been in controversy for many years; yes, sir.

Mr. ADLERMAN. And do you have any reason or any explanation as to why the union and the company got together on this clause at this particular time, 3 weeks before the proxy vote?

Mr. BARR. Yes; I do, very clearly.

Mr. ADLERMAN. Would you state that?

Mr. BARR. Yes; if I could have that memorandum that I wrote at the time.



This was the first time, as I attempted to state earlier, that any union had organized Montgomery Ward plants on a national scale. For the first time in our experience we were faced with a strike threat on a national scale and a strike threat which threatened to tie up all of our plants across the country.

That was the situation which was new, and which the company had never faced before in these prior years of controversy that you refer to. It was my opinion at the time that a compromise of the union-shop issue was necessary to avoid a strike.

I have before me, which we have pulled out of our files, a report dated March 10, approximately 2 weeks before this contract was signed, and as the negotiations were reaching their peak, so to speak, a report to Mr. Avery and which was also used as a report to the board of directors who decided this matter and decided what we would do, and what we would not.

Mr. Chairman, to supplement my answer it might be helpful if the committee had this memorandum, which I prepared at the time and on the basis of which this settlement was worked out, before you.

The CHAIRMAN. The memorandum will be made exhibit No. 219 for reference and you may refer to it if you wish to comment on it.

(The document referred to was marked "Exhibit No. 219" for reference and may be found in the files of the select committee.)

Mr. BARR. No; the substance of it—and I submit the full memorandum for the committee's perusal, as I just stated, is that my opinion was that we were faced with a strike and that a compromise of this issue was necessary if we were to avoid it.

The CHAIRMAN. What is the date of the memo?

Mr. BARR. March 10, 1955.

The CHAIRMAN. The contract was signed how soon thereafter?

Mr. BARR. The contract was signed on March 31, approximately 3 weeks after my report to the chief executive officer and the board of directors on the status of the union negotiations.

The CHAIRMAN. I am not familiar with these contracts, but it occurs to me that this contract was somewhat favorable to you from the standpoint of the big issue in controversy of a union shop.

As I understand you, anyone who was working there continued working, and never was compelled to join the union.

Mr. BARR. That is true.

The CHAIRMAN. Those who were already members of the union had 15 days to determine whether they wanted to continue in the union or if they wanted to withdraw from it.

Mr. BARR. That is right.

The CHAIRMAN. And as I understand you, they could withdraw from the union if they desired to, without losing their jobs.

Mr. BARR. That is true.

The CHAIRMAN. They could continue on in employment.

Mr. BARR. That is right, sir.

Mr. ADLERMAN. Mr. Barr, I believe that you testified in 1955 before the Senate Committee on Banking and Currency, on the stock-market study that was a study of proxy fights.

Mr. BARR. I did.

Mr. ADLERMAN. At that time, I believe Mr. Louis Wolfson also testified.

Mr. BARR. I believe he did. I was not present when he testified, but I understand that he did.

Mr. ADLERMAN. I am just wondering whether or not I could get you to be in agreement with Mr. Wolfson on a statement that he has made, and I would like to read this statement and ask you whether you agree with it in principle.

Mr. BARR. Very good.

Mr. ADLERMAN. He issued a statement to the committee and I will just read the one clause which is pertinent:

C. Union ownership of shares: With the tremendous union funds available today for investment, a union could acquire stock of a corporation with which it has or seeks a labor contract. This stock could represent the balance of power and thus become a bargaining instrument.

Obviously, the union could use this stock to barter its proxies in exchange for unduly favorable terms from either contestant. The possibility of such a situation should be eliminated because no labor contract entered into under these circumstances can be to the best interest of the corporation or, in the long run, to the union itself.

The CHAIRMAN. That is in line with what Senator Mundt was discussing a while ago, as I recall. That is Mr. Wolfson's statement of his viewpoint, and the question is, do you agree with Mr. Wolfson?

Mr. BARR. I agree with Mr. Wolfson's statement completely. The circumstance presents a very real danger. The point I would hope to establish this morning, Senator, is that did not happen in the Montgomery Ward case.

The CHAIRMAN. Are there any further questions?

Mr. ADLERMAN. I have no further questions.

Senator MUNDT. I would simply like to say, Mr. Chairman, that it is very obvious that there is one great difference between the representatives of the union and Mr. Barr, and that is their willingness to answer questions forthrightly and directly.

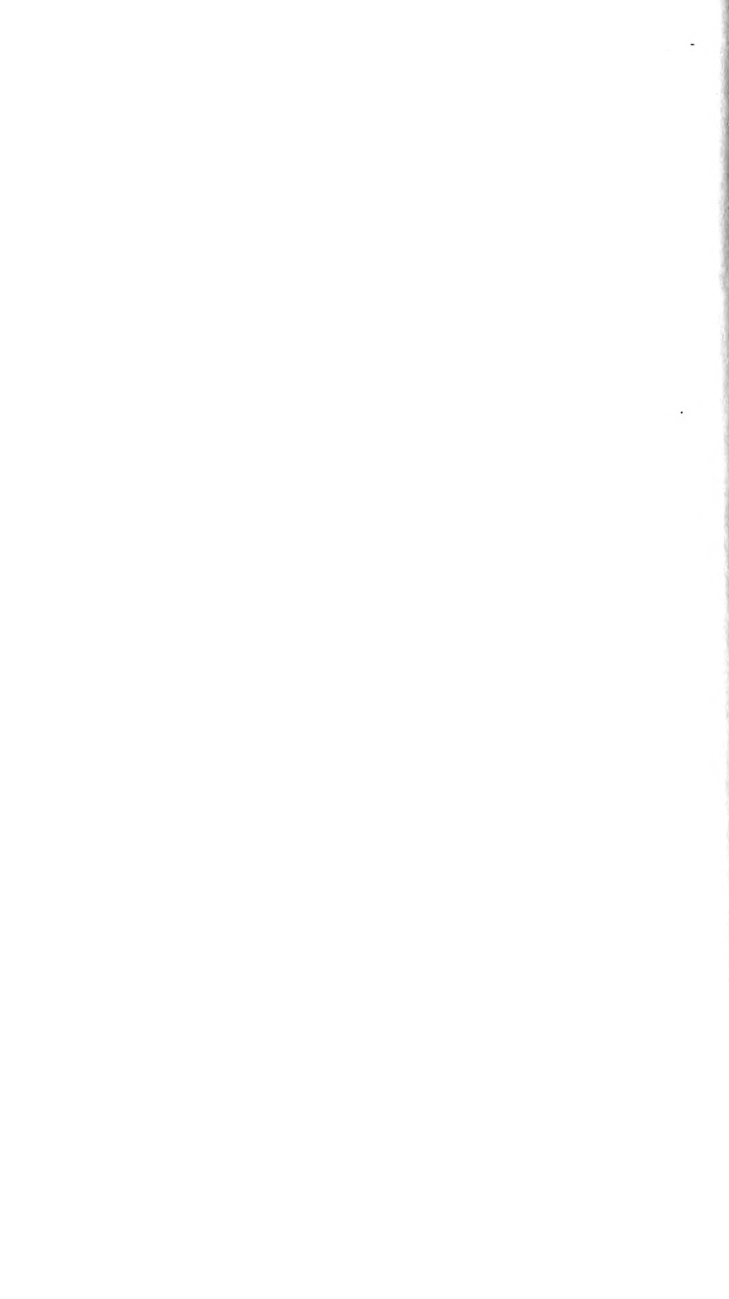
The CHAIRMAN. If there are no further questions, we thank you for your presentation, Mr. Barr.

The committee will be in recess until 2 o'clock to meet in the Caucus Room, 381, and at that time we will resume hearings in the Bakery and Confectionery Union matter.

(Whereupon, at 12 noon, the hearing in the above-entitled matter was recessed, to reconvene at 2 p. m. of the same day.)

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